

UBUHLEBEZWE MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS



FOR THE YEAR  
ENDED 30 JUNE 2015

# Annual Financial Statements

for

## Ubuhlebezwe Municipality

for the year ended 30 June 2015

Province:

KwaZulu Natal

AFS rounding:

R (i.e. only cents)

### Contact Information:

<b>Name of Municipal Manager:</b>	GM Sineke
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<b>Name of Chief Financial Officer:</b>	UP Mahlasela
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**Ubuhlebezwe Municipality  
Annual Financial Statements  
for the year ended 30 June 2015**

**General information**

**Members of the Council**

Councillor	Z D Nxumalo	
Councillor	T C Dlamini	
Councillor	S C Shezi	
Councillor	B P Nzimande	
Councillor	M E Mkhize	
Councillor	S H Dlamini	
Councillor	C M Ngubo	<i>Deceased</i>
Councillor	Z V Shange	
Councillor	E B Ngubo	
Councillor	M C Ndlovu	
Councillor	D Ram	<i>Resigned</i>
Councillor	Nzimande GP	
Councillor	M C Sithole	
Councillor	H C Jili	
Councillor	G J Ngcongco	
Councillor	W M Q Dlamini	
Councillor	N J Peterson	
Councillor	Z Khumalo	
Councillor	N M Mdunge	
Councillor	T P Dlamini	
Councillor	S M Msimango	
Councillor	C N Ntabeni	
Councillor	W S Tenza	
Councillor	T.S. Shoba	
Councillor	M. Tenza	<i>New</i>

**Municipal Manager**

GM Sineke

**Chief Financial Officer**

UP Mahlasela

**Grading of Local Authority**

Grade 3 (In terms of the Remuneration of Public Office Bearers Act)

**Auditors**

Auditor-General

**Bankers**

First National Bank

**Ubuhlebezwe Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

General information (continued)

Registered Office: Ubuhlebezwe Municipality, Margatet Street , Ixopo

Physical address:  
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Ixopo

Postal address:  
P O Box 132  
Ixopo  
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**Ubuhlebezwe MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2015

**Approval of Annual Financial Statements**

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 59, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.  
I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 22 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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Municipal Manager:

G.M. Sineke

DATE: 28 August 2015

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**UBUHLEBEZWE MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2015

	Note	2015 R	2014 R
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>263,159,731</b>	<b>214,784,866</b>
Property, plant and equipment	1	244,673,413	198,429,939
Heritage Assets	4	4,791,660	2,849,000
Investment property carried at cost	2	12,813,638	13,025,687
Intangible assets	3	881,020	480,240
<b>Total Assets</b>		<b>263,159,731</b>	<b>214,784,866</b>
<b>Current Assets</b>			
		<b>99,909,373</b>	<b>82,705,743</b>
Trade receivables from exchange transactions	8	8,000,855	5,674,038
Other receivables from non-exchange transactions	9	1,446,198	1,265,065
Inventory	5	3,671,140	4,600,000
VAT receivable from exchange transactions	10	4,821,506	5,133,487
Cash and cash equivalents	11	81,969,673	66,033,153
<b>Total Assets</b>		<b>363,069,103</b>	<b>297,490,609</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>28,768,485</b>	<b>25,383,029</b>
Current portion of finance lease liability	12	281,815	405,985
Trade and other payables from exchange transactions	13	14,317,385	13,077,225
Unspent conditional grants and receipts	14	14,169,285	11,899,819
<b>Non-current Liabilities</b>		<b>5,542,932</b>	<b>5,706,040</b>
Finance lease liability	12	62,932	454,040
Retirement benefits: Long Service Awards	33	1,700,000	1,547,000
Retirement benefits: Post Employment Medical Benefits	33	3,780,000	3,705,000
<b>Total liabilities</b>		<b>34,311,417</b>	<b>31,089,069</b>
<b>NET ASSETS</b>			
Housing Development Fund	6	373,788	373,788
Accumulated surplus		328,383,899	266,027,754
<b>Total net assets</b>		<b>328,757,687</b>	<b>266,401,542</b>

**UBUHLEBEZWE MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**for the year ended 30 June 2015**

	Note	2015 R	2014 R
<b>REVENUE</b>			
Revenue from non exchange transactions	14	153,607,876	112,200,835
Revenue from exchange transactions	14	12,902,761	10,547,249
<b>Total revenue</b>		<b>166,510,637</b>	<b>122,748,084</b>
<b>EXPENSES</b>			
Employee related costs	22	41,191,857	34,716,267
Remuneration of councillors	23	7,180,257	6,893,329
Depreciation and amortisation	1,2,3,4,5	16,626,577	14,539,876
Repairs and maintenance	39	2,339,133	2,761,566
Bad Debts			731,932
Finance costs		56,951	101,111
Contracted services	24	4,962,318	4,405,479
General expenses	25	23,483,690	21,813,814
Contributions to provisions		4,990,433	3,073,749
Contributions to post retirement benefits		228,000	1,029,000
<b>Total expenses</b>		<b>101,059,215</b>	<b>90,066,123</b>
Loss on disposal / transfer of PPE		3,095,276	375,347
Impairment loss		-	-
<b>SURPLUS FOR THE YEAR</b>		<b>62,356,145</b>	<b>32,306,614</b>



**UBUHLEBEZWE MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
for the year ended 30 June 2015

	Note	Housing Development Fund	Accumulated Surplus	Total: Net Assets
		R	R	R
<b>Opening balance at 01 June 2013</b>		373,788	228,141,130	228,514,918
Other adjustments - correction			16,423	
Correction of an error	27		5,563,587	
<b>Surplus for the year</b>			32,306,614	32,306,614
<b>Balance at 01 July 2014</b>		<b>373,788</b>	<b>266,027,754</b>	<b>266,401,542</b>
Other adjustments - correction	27			-
Surplus for the year		-	62,356,145	62,356,145
<b>Balance at 31 June 2015</b>		<b>373,788</b>	<b>328,383,899</b>	<b>328,757,687</b>

**UBUHLEBEZWE MUNICIPALITY**  
**CASHFLOW STATEMENT**  
as at 30 June 2015

	Note	2015 R	2014 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		164,735,588	63,773,993
Cash paid to suppliers and employees		(85,230,382)	(24,007,818)
Cash generated from operations	26	<u>79,505,206</u>	<u>39,766,175</u>
Interest received	17	5,445,944	3,792,522
Net operating cash flow from operating activities		<u>84,951,150</u>	<u>43,558,697</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets	1	(68,055,806)	(34,860,007)
Purchase of intangible assets	2	(400,780)	(137,748)
Net cash flows from investing activities		<u>(68,456,586)</u>	<u>(34,997,755)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Decrease in retirement benefits		-	-
Finance costs Lease Liability	25	(558,043)	(286,046)
Net cash flows from financing activities		<u>(558,043)</u>	<u>(286,046)</u>
Net increase / (decrease) in net cash and cash equivalents		15,936,521	8,274,896
Cash and cash equivalents at beginning of period		<u>66,033,153</u>	<u>57,758,256</u>
Net cash and cash equivalents at end of period	9	81,969,673	66,033,153

UBUHLEBEZWE MUNICIPALITY

STATEMENT OF BUDGET COMPARISON AND ACTUAL AMOUNTS

For the year ended 30 June 2015

R thousands	Original Budget	Adjusted Budget	Final Adjust Budget	Reasons for adjustment	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reason for Variance
<b>Financial Performance</b>													
Property rates	12,240	-	12,240	N/A	-	-	12,240	12,349	-	(108)	101	101	N/A
Service charges	1,772	-	1,772	N/A	-	-	1,772	1,464	-	308	83	83	N/A
Investment revenue	2,840	1,576	4,416	Investments monitored. High return received	-	-	4,416	5,446	-	(2,606)	123	192	Investments monitored. High return received
Transfers recognised - operating	81,162	10,850	92,012	Additional Grants were received for Electrification Projects	-	-	92,012	75,165	-	5,997	82	93	N/A
Transfers recognised - capital	31,553	-	31,553	N/A	-	-	31,553	65,830	-	(34,277)	209	209	Electrification projects were budgeted under operating budget and are on WIP until the houses are electrified. The overall difference on transfers
Licences and Permits	3,065	-	3,065	N/A	-	-	3,065	3,507	-	(442)	114	114	Traffic department staff increased
Fines	151	-	151	N/A	-	-	151	264	-	(113)	175	175	Traffic fine's revenue is recognised as traffic fines are issued
Rental of Facilities	434	-	434	N/A	-	-	434	811	-	(377)	187	187	Arear rental received
Other own revenue	3,371	325	3,696	Sundry income had an original budget of zero	-	-	3,696	1,675	-	1,696	45	50	Revenue anticipated not received
<b>Total Revenue</b>	<b>136,588</b>	<b>12,751</b>	<b>149,340</b>	N/A	-	-	<b>149,340</b>	<b>166,511</b>	-	<b>(29,922)</b>	<b>111</b>	<b>1,202</b>	Overall variance is 3% on revenue
Employee costs	40,083	1,664	41,747	Some posts in the organogramme were funded through adjustments budget	-	-	41,747	41,192	-	555	103	103	The amount includes salaries that were paid and budgeted from grant funding.
Remuneration of councillors	7,197	-	7,197	N/A	-	-	7,197	7,180	-	16	100	100	N/A
Depreciation, asset impairment	18,000	(2,000)	16,000	The budget was adjusted based on prior year's actual finalised in December 2014	-	-	16,000	19,782	-	(3,782)	110	110	Budget for depreciation was based on previous years actual
Other expenditure	49,372	11,427	60,799	Electrification expenditure for Massification	-	-	60,799	39,156	-	21,643	79	79	Electrification projects were budgeted under operating budget and are on WIP until the houses are
<b>Total Expenditure</b>	<b>114,652</b>	<b>11,091</b>	<b>125,743</b>	N/A	-	-	<b>125,743</b>	<b>107,309</b>	-	<b>18,434</b>	<b>94</b>	<b>392</b>	N/A
<b>Surplus/(Deficit)</b>	<b>21,936</b>	<b>1,661</b>	<b>23,597</b>	N/A	-	-	<b>23,597</b>	<b>59,201</b>	-	<b>(59,201)</b>	<b>270</b>	<b>810</b>	N/A
Capital Expenditure	40,020	18,841	58,861	Additional funding was added through roll overs, MIG and Small Town Rehabilitation	-	-	58,861	67,945	-	(9,084)	170	-708	The total actual expenditure includes electrification projects expenditure which is held under WIP
<b>Surplus/(Deficit) after capital transfer &amp; Contribution</b>	<b>61,956</b>	<b>20,502</b>	<b>82,458</b>	N/A	-	-	<b>82,458</b>	<b>127,147</b>	-	<b>(68,285)</b>	<b>205</b>	<b>103</b>	N/A
<b>Surplus/(Deficit) for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	N/A	-	-	<b>-</b>	<b>-</b>	-	<b>-</b>	<b>-</b>	<b>-</b>	N/A
<b>Surplus for the year</b>	<b>61,956</b>	<b>20,502</b>	<b>82,458</b>	N/A	-	-	<b>82,458</b>	<b>127,147</b>	-	<b>(68,285)</b>	<b>205</b>	<b>103</b>	N/A

The budgets were adjusted and approved by council based on the Section 72 report presented to Council on the 23 January 2015.

**UBUHLEBEZWE MUNICIPALITY  
ACCOUNTING POLICIES  
FOR THE PERIOD ENDING 30 JUNE 2015**

**ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENT**

**1. BASIC OF PREPARATION.**

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statement have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of General Recognised Accounting Practices (GRAP), including any interpretations and directive issued by the Accounting Standards Board (ASB) in accordance with Section 11(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transaction, events or condition not covered by the GRAP report framework, have been developed in accordance with paragraph 8, 10 and 11 of GRAP 3 (Revised March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

The Municipality resolved to early adopt the following GRAP standards which been issued but are not effective yet.

- GRAP 20 : Related parties
- DIRECTIVE 11: Changes in measurement bases following the initial adoption of Standards of GRAP.
- GRAP 32- Service Concession Arrangements: Grantor;
- GRAP 105- Transfers of Functions Between Entities Under Common Control;
- GRAP 106- Transfers of Functions Between Entities Not Under Common Control;
- GRAP 107- Mergers;
- GRAP 108 - Statutory Receivables; and
- GRAP 10- Accounting by Principals and Agents
- IGRAP 17- Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset

Asset, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

**1.1 PRESENTATION CURRENCY**

Amount reflected in the financial statement are in South African Rand and at actual values. Financial values are rounded to the nearest on Rand. No foreign exchange transactions are included in the statements.



**UBUHLEBEZWE MUNICIPALITY  
ACCOUNTING POLICIES  
FOR THE PERIOD ENDING 30 JUNE 2015**

**1.2 GOING CONCERN ASSUMPTION**

These financial statements have been prepared on a going concern basis.

**1.3 COMPARATIVE INFORMATION**

When the presentation or classification items in the financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. When material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

**1.4 MATERIALITY**

Material omissions or misstatement of items are material if they could, individually or collectively, influence the decision or assessments of user made on the basis of the financial statement. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total expenditure.

**1.5 PRESENTATION OF BUDGET INFORMATION**

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amount are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actuals amounts. Budget information is presented on the accrual basis and is based on the same period as the actual amount, i.e. 1 July 2014 to 30 June 2015. The budget information is therefore on a comparable basis to the actual amount.

The comparable information includes the following:

- The approved and final budget amounts.
- Actual amounts and final budget amounts.

Explanations for differences between the approved and final budget are included in the Statement of Comparison of Budget and Actual Amounts.

Explanation for material differences between the final budget amount and actual amounts are included the Statement of Comparison of Budget and Actual Amounts.

**1.6 LEASES**

***Municipality as Lessee***

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or

**UBUHLEBEZWE MUNICIPALITY  
ACCOUNTING POLICIES  
FOR THE PERIOD ENDING 30 JUNE 2015**

intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### **1.7 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEPTS.**

Revenue received from conditional grants and funding is recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

#### **1.8 PROVISIONS, CONTINGENT LIABILITY AND ASSETS**

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability unless the probability of an outflow of resources embodying economic benefits or service potential is remote.

A contingent asset is disclosed where an inflow of economic benefits or service potential is probable. Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:



**UBUHLEBEZWE MUNICIPALITY  
ACCOUNTING POLICIES  
FOR THE PERIOD ENDING 30 JUNE 2015**

## **1.9 EMPLOYEE BENEFITS**

### ***Short-term employee benefits***

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The expected costs of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

### **Defined contribution plans**

Council employee's contribution to the Natal Joint Municipal Pension Fund. The retirement benefit fund is subjected to the Pension Fund Act, 1956, with pension being on the pensionable remuneration.

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contribution to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

### **Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The municipality and its employees contribute to the Natal Joint Municipal Pension Fund which is a defined contribution fund. The payment of retirement benefits are charged against income in the year they become payable. Natal Joint Superannuation & Retirement Funds are defined benefit funds. The Natal Joint Provident Fund is a contribution fund.

The schemes are funded through payments to fund administrator or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans.

Defined benefit plans have been accounted for as defined contribution plans in accordance with the requirements on multi-employer plans where sufficient information is not available to account for such plans as defined benefit plans. As the fund administrators do not have sufficient information available to allocate the shortfall on liabilities to individual employers, no liability is recognised for any shortfall of fund assets as compared to fund liabilities. Any surcharges that may be levied by the fund from time to time in order to compensate for shortfalls, are recognised as expenses in the period in which they become payable to the fund. As surcharges are advised long in advance, based on actuarial valuations of the fund as a whole, the necessary provision for the payment thereof is made in the course of the municipality's normal budgeting processes.

**UBUHLEBEZWE MUNICIPALITY  
ACCOUNTING POLICIES  
FOR THE PERIOD ENDING 30 JUNE 2015**

**1.10 PROPERTY, PLANT AND EQUIPMENT**

***Initial Recognition***

Where an item of property, plant and equipment is acquired in exchange for a nonmonetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost).

If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

***Subsequent Measurement – Cost Model***

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life. Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

***Depreciation***

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives

<b>Item</b>	<b>Average useful life</b>
<b>Land</b>	
• Land	Infinite
<b>Building</b>	
• Dwelling	25-30
<b>Non Residential</b>	25-30
• Dwelling	
<b>Infrastructure</b>	
• Cemeteries	15-30
• Electricity	15-30
• Road	15-55
• Solid Waste Disposal	10-55
<b>Heritage Assets</b>	



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• Heritage Asset	Infinite
<b>Other Assets</b>	
• Furniture and office equipment	5-15
• Computer equipment	5-10
• Machinery and Equipment	5-15
• Motor Vehicle	7
• Specialised Vehicles	10-20
<b>Leased asset</b>	
• Finance leased asset	3

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

#### ***De-recognition***

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying value and is the Statement of Financial Performance.

### **1.11 INTANGIBLE ASSETS**

#### ***Initial Recognition***

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

Is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or

Arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations. The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired

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item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

***Subsequent Measurement – Cost Model***

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

***Amortisation and Impairment***

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

***Intangible Assets***

***Years***

Computer Software

5

***De-recognition***

Intangible assets are derecognized when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognized in the Statement of Financial Performance.

**1.12 INVESTMENT PROPERTY**

***Initial Recognition***

Investment property includes property (land or a building, or part of a building) held to earn rentals and/or for capital appreciation or both, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. At initial recognition, the municipality the investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property at no cost or for a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at the date of completion.

Investment property is recognized as an asset when, and only when:

- It is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and



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- The cost or fair value of the investment property can be measured reliably. Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and /or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or service, or the sale of an asset in the ordinary course of operations. Property with a currently use, is also classified as investment property.
- At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property ,plant and equipment up to the date of change in use.

Property held for sale in the ordinary course of operations or in the process of construction or development for such sale, in which case property held exclusively with a view to subsequent disposal in the near future or for development for resale is classified as inventory.

### **1.13 INVENTORIES**

#### ***Initial Recognition***

Inventories encompass goods purchased and held for resale including, for example, merchandise purchased by an entity and held for resale, or land and other property held for sale. Inventories also consist of raw materials, work in progress, consumables and finished goods, which are valued at the lower of cost, determined on the first in first out basis, and net realisable value, except for goods which are valued at the tariffs charged.

Investment property is recognized as an asset when and only when:

- a) It is probable that the future economic benefits or service potential that are associated with the item will flow to the Municipality, and
- b) The cost of the inventories can be measured reliably.

#### **Measurement at Recognition**

Inventories that qualify for recognition as assets shall initially be measured at cost.

Where inventories are acquired at through a non-exchange transaction, their cost shall be measured at their fair value as at the date of acquisition.

#### **Measurement after Recognition**

Where it is held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value. Cost of inventories comprises all

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costs of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Redundant and slow moving inventories are identified and written down to their estimated net realisable values. Consumables are written down according to their age, condition and utility. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

#### **1.14 HERITAGE ASSETS**

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations. The Municipality classifies assets as Heritage Assets where the significance as a heritage asset can be determined. In regards to land and buildings all graded sites are classified a

Heritage Assets, furthermore land with a natural significance is not componentised but seen as a single Heritage asset due to all parts contributing together to make up its significance.

##### ***Initial recognition***

The cost of an item of heritage assets is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of heritage assets acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.



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***Subsequent measurement***

Subsequent expenditure relating to heritage assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all heritage assets (excluding Heritage assets which are land and buildings) are measured at cost, less accumulated impairment losses. Heritage assets are not depreciated.

Subsequent to initial recognition, land and buildings which qualify as Heritage Assets are carried at cost.

***De-recognition of heritage assets***

The carrying amount of an item of heritage assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the de-recognition of an item of heritage assets is included in surplus or deficit when the item is derecognised.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of heritage assets.

**1.15 IMPAIRMENT OF NON-FINANCIAL ASSETS**

**Cash-generating assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return. The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount. In assessing whether there is any indication that an asset may be impaired, the municipality considers the following indications:

**(a) External sources of information**

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, Economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

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(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the assets are considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognized in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A Previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Financial Performance.

**Non-cash-generating assets**

Non-cash-generating assets are assets other than cash –generating asset. The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount. In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.



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- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

#### **Non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets. The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount. In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

a) External sources of information

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- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition
- Evidence is available from internal report that indicates that the service performance of an asset is or will be, significantly worse than expected. An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

**Depreciation replacement cost approach** - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

**Restoration cost approach** - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

**Service unit approach** - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state.



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As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased.

If any such indication exists, the Municipality estimates the recoverable service amount of that asset. An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

#### **1.16 FINANCIAL INSTRUMENTS**

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments.

##### ***Initial Recognition***

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instruments at fair value plus, in the case of a financial asset or financial liability not at fair value, transactions costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

##### ***Subsequent Measurement***

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

#### **1.17 RECEIVABLES**

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, Probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of



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impairment exists for and individually assessed financial assets, whether significant or not, it includes the assets in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

The carrying amount of the assets is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decrease because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

#### **1.18 PAYABLES AND ANNUITY LOANS**

Financial liabilities consist of payables and annuity loans. They are cauterised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

#### **1.19 CASH AND CASH EQUIVELENTS**

Cash includes cash on hand (including, petty cash) and cash with banks). Cash equivalents are short-term highly liquid investments, readily convertible into unknown amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to a significant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts.

The Municipality categorise cash and cash equivalents as financial assets carried at amortised cost. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are exposed as incurred. Amounts owing in respect of the bank overdrafts are categorised as financial liabilities carried at amortised cost.

#### **De-recognition of Financial Instruments**

##### **Financial Assets**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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- The rights to receive cash flows from the asset have expired; or
  - The Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either.
- a) The Municipality has transferred substantially all the risks and rewards of the asset, or
- b) The Municipality has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could require to repay. When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

#### **Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

#### **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### **1.20 REVENUE**

#### **Revenue from Non-Exchange Transactions**

Revenue from non-exchange transactions refers to a transaction where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is



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transferred to revenue as and when the conditions attached to the grant are met. Grants without conditions attached are recognised as revenue when the asset is recognised.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expense of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

Revenue from the recovery of unauthorised, Irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipality Finance Management (Act No.56 of 2006) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from property rates is measured on accrual basis.

Revenue is measured at the fair value of the consideration received or receivable.

When, as a result of non-exchange transactions, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

**Revenue from exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods, sold the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions are have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.



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•At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Interest revenue is recognised using the effective interest rate method. Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement. Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue is measured at the fair value of the consideration received or receivable. The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service.

It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality. In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalent is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The imputed rate of interest is the most clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods and services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair values of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

### **Fines**

Fines constitute both fines and summonses. Fines are economic benefits or service potential received or receivable by the municipality as a consequence of the individual or entity breaching the requirements of laws or regulations.

The full amount of traffic fines issued during the year is recognised at the initial transaction date as revenue in accordance with IGRAP 1.

Assessing and recognising impairment is an event that takes place subsequent to the initial recognition of revenue charged. The municipality assesses the probability of collecting revenue when accounts fall into arrears based on historic trends.

**UBUHLEBEZWE MUNICIPALITY  
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**1.21 RELATED PARTIES**

The municipality resolved to adopt the disclosure requirements as per GRAP 20- "Related Party Disclosures"

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councillors, Mayor, Executive Committee Members, Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

**1.22 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.23 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipality Finance Management Act, (Act No. 56 of 2003), the Municipal System Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.24 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance.

**1.25 SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES**

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

***Post-retirement medical obligations and Long service awards***

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.



**UBUHLEBEZWE MUNICIPALITY  
ACCOUNTING POLICIES  
FOR THE PERIOD ENDING 30 JUNE 2015**

***Impairment of Receivables***

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

***Property, Plant and Equipment***

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives of different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives and in what condition they will be at that time. Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar asset available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

***Intangible Assets***

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. Management referred to the following when making assumptions regarding useful lives of intangible assets:

- Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

***Investment Property***

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time. Management referred to the following when making assumptions regarding useful life and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.



**UBUHLEBEZWE MUNICIPALITY  
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- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

***Provisions and Contingent Liabilities***

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

***Revenue Recognition***

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality. In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.).

Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

***Provision for Staff leave***

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

***Componentisation of Infrastructure assets***

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

**1.26 TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

**1.27 CAPITAL COMMITMENTS**

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as an expense in the Statement of Financial Performance, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

Commitments are disclosed for:

**UBUHLEBEZWE MUNICIPALITY  
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Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.

Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.

Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure Notes to the Annual Financial Statements.

Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.

Other commitments for contracts that are non-cancellable or only cancellable at significant cost, should relate to something other than

#### **1.28 EVENTS AFTER REPORTING DATE**

Events after the reporting date are those events, both favourable and unfavourable, that Occur between the reporting date and the date when the financial statements are authorised for issue.

Two types of events can be identified:

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- Those that are indicative of conditions that arose after the reporting date (no adjusting events after the reporting date).
- If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

#### **1.29 CHANGE IN ACCOUNTING POLICIES, ESTIMATES AND CORRECTION OF ERRORS**

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in the policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period which retrospective restatement is practicable.

Change in accounting estimates are applied prospectively in accordance with GRAP 3 requirements.

Correction of errors is applied retrospectively in the period in which the error occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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Property, plant and equipment

Reconciliation of Carrying Value	Buildings		Infrastructure Assets		Community Assets		Work in Progress		Specialised Vehicles		Furniture & Equipment		Computer Equipment		Plant & Equipment		Vehicles		Leases		Other Assets		Total	
	R		R		R		R		R		R		R		R		R		R		R		R	
as at 1 July 2014	21,262,913		55,664,689		76,415,348		28,768,072		4,014,637		1,828,766		1,455,986		1,600,150		3,399,712		477,323		308,156		195,195,752	
Cost/Revaluation	32,219,871		179,481,278		116,454,123		28,768,072		5,053,803		3,508,678		2,315,103		3,251,525		5,525,079		1,490,412		430,859		378,488,753	
Accumulated depreciation and impairment losses	-10,956,958		-123,816,539		-40,038,775		-		-1,039,166		-1,679,912		-859,117		-1,651,375		-2,125,367		-1,013,089		-122,703		-183,303,001	
Fair Value of Cost not previously recorded / Incorrectly accounted for	590,000		2,575,590		-7,505,587		-2,362,598		-		225,329		382,169		31,721		-		-		-		-6,061,975	
Accumulated depreciation not previously accounted for and / or incorrectly accounted for	-240,333		-1,363,824		11,244,893		-		-		-123,842		-285,179		49,970		14,479		-		-		9,296,162	
Other adjustment - Fully depreciated assets	-		-		-		-		-		-		-		-		-		-		-		-	
Restated Carrying Value as at 1 July 2014	21,612,580		56,876,855		80,154,654		26,405,474		4,014,637		1,930,253		1,552,976		1,682,841		3,414,191		477,323		308,156		198,429,939	
Cost	32,809,871		182,057,218		108,948,537		26,405,474		5,053,803		3,734,007		2,697,272		3,284,246		5,525,079		1,490,412		430,859		372,436,778	
Accumulated depreciation and impairment losses	-11,197,291		-125,180,363		-28,793,882		-		-1,039,166		-1,803,754		-1,144,296		-1,601,405		-2,110,888		-1,013,089		-122,703		-174,006,839	
Acquisitions	513,520		11,874,576		49,685,644		-		1,318,316		784,562		184,155		603,620		941,365		-		97,050		66,002,809	
Capital Work in Progress Brought into use	-		24,466,693		-		-24,466,693		-		-		-		-		-		-		-		0	
Depreciation	-963,255		-7,242,995		-5,344,031		-		-489,321		-460,367		-351,165		-349,122		-813,057		-290,790		-110,424		-16,414,528	
Carrying value of disposals	-		-		-		-		-16,208		-1,450		-6,241		-8,141		-		-		-		-32,040	
Cost/Revaluation	-		-		-		-		-294,042		-20,536		-75,649		-147,700		-		-		-		-537,917	
Accumulated depreciation and impairment losses	-		-		-		-		277,834		19,075		69,408		139,559		-		-		-		505,877	
Carrying value of write off	-172,268		-		-		-		-		-		-45,223		-		-172,268		-		-		-45,223	
Cost/Revaluation	-5,130,054		-		-		-		-		-		-79,559		-		-320,593		-		-		-79,559	
Accumulated depreciation and impairment losses	2,034,778		-		-		-		-		-		34,336		-		148,325		-		-		34,336	
as at 30 June 2015	18,062,568		85,975,129		74,810,623		51,624,425		4,827,424		2,252,998		1,334,502		1,929,198		3,370,231		186,533		294,782		244,673,413	
Cost	28,193,337		218,398,487		108,948,537		51,624,425		6,078,078		4,498,044		2,776,219		3,740,166		6,145,851		1,490,412		527,909		432,371,465	
Accumulated depreciation and impairment losses	-10,125,769		-132,423,358		-34,137,914		-		-1,250,653		-2,245,046		-1,391,717		-1,810,969		-2,775,620		-1,303,879		-233,127		-187,698,052	

No assets of the municipality have been ceded. An annual review of useful lives of assets and an impairment test were performed at year end. Included in the assets stated above is a carrying amount of R 468 482.25 relating to assets that could not be verified and are currently under investigation.

The municipality has movable assets with the cost of R 1 349 270 770, which have been fully depreciated and are still in use



Reconciliation of Carrying Value	Buildings		Assets		Community Assets		Work In Progress		Vehicles		Equipment		Equipment		Vehicles		Leases		Other Assets		Total	
	R		R		R		R		R		R		R		R		R		R		R	
as at 1 July 2013																						
Cost/Revaluation	22,052,114	46,882,363	71,346,406	20,150,229	2,720,261	1,709,423	1,646,493	1,296,979	3,417,480	763,636	116,000	172,101,884										
Accumulated depreciation and impairment losses	31,996,473	165,879,273	107,319,531	20,150,229	3,213,149	3,090,015	2,337,962	2,497,600	4,667,389	1,490,412	144,000	342,786,033										
	-9,944,359	-118,996,910	-35,973,125	-	-492,888	-1,380,592	-691,469	-1,200,620	-1,249,909	-726,776	-28,000	-170,684,649										
Fair Value of Cost not previously recorded	123,180	10,730	82,255	-	1,187,394	-123,502	-	-	-	-	-	1,280,057										
Accumulated depreciation not previously accounted for	74,400	67,633	-508,16	-	-168,556	-36,627	82,365	-170,485	-222,686	-	547	-378,607										
Other adjustment - Fully depreciated assets	-	-	-	-	-	-	-	-	-	-	-	-										
Restated Carrying Value as at 1 July 2013	22,248,694	46,960,726	71,423,563	20,150,229	3,738,999	1,549,293	1,728,858	1,126,494	3,194,794	763,636	116,547	173,002,834										
Cost	32,119,653	165,890,003	107,401,786	20,150,229	4,400,443	2,966,513	2,337,962	2,497,600	4,667,389	1,490,412	144,000	344,066,090										
Accumulated depreciation and impairment losses	-9,869,959	-118,929,277	-35,978,224	-	-661,444	-1,417,220	-609,104	-1,371,105	-1,472,595	-286,313	-27,453	-171,063,256										
Acquisitions	100,218	7,128,016	5,500,544	18,632,845	653,260	699,358	245,435	755,782	857,690	-	286,859	34,860,007										
Capital Work in Progress Brought into use	-	6,463,209	3,551,794	-10,015,003	-	-	-	-	-	-	-	-										
Depreciation	-1,086,999	-4,887,263	-4,060,551	-	-377,623	-345,181	-317,835	-281,886	-652,772	-	-95,250	-12,391,672										
Carrying value of disposals	-	-	-	-	-	-14,896	-146,878	-467	-	-	-	-162,243										
Cost/Revaluation	-	-	-	-	-	-32,703	-212,842	-500	-	-	-	-246,045										
Accumulated depreciation and impairment losses	-	-	-	-	-	17,805	65,964	33	-	-	-	83,802										
Carrying value of write off	-	-	-	-	-	-59,805	-36,751	226	-	-	-	-36,751										
Cost/Revaluation	-	-	-	-	-	-124,490	-1,357	-55,451	-	-	-	-55,451										
Accumulated depreciation and impairment losses	-	-	-	-	-	64,685	18,701	1,583	-	-	-	18,701										
as at 30 June 2014	21,262,913	55,664,589	76,415,349	28,768,072	4,014,656	1,828,766	1,472,830	1,600,150	3,399,712	477,323	308,156	195,212,596										
Cost	32,219,871	179,481,228	116,454,123	28,768,072	5,053,803	3,508,678	2,315,103	3,251,525	5,225,079	1,490,412	430,559	378,498,754										
Accumulated depreciation and impairment losses	-10,956,958	-123,816,539	-40,038,775	-	-1,039,166	-1,679,912	-842,274	-1,651,375	-2,125,367	-1,013,089	-122,703	-183,286,156										

No assets of the municipality have been ceded. An annual review of useful lives of assets and an impairment test were performed at year end.

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

2015

	R	R
<b>2 Investment properties carried at cost</b>		
Cost - at 30 June 2014	17 922 139	17 922 139
Fair Value of Cost not previously recorded	300 000	
Restated opening balance as at 30 June 2014	18 222 139	17 922 139
Accumulated Depreciation	(336 452)	(134 581)
Accumulated depreciation not previously accounted for and / or incorrectly accounted for.	(260 000)	
Restated Accumulated Depreciation - opening balance as at 30 June 2014	(596 452) -	(134 581)
Acquisitions	-	-
Transfers	(4600 000)	
	13 025 687 -	17 787 558
Depreciation	(212 049)	(201 871)
as at 30 June 2015	<b>12 813 638</b>	<b>17 585 687</b>
Cost	13 622 139	17 922 139
Accumulated Depreciation	(808,501)	(336,452)
<i>Investment property consist of Land and other Municipal Buildings held for rentals.</i>		
<b>2 Investment property pledged as security</b>		
No investment property is pledged as security	-	-

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**

2015

	R	R
<b>2 Rental income from investment property</b>		
Direct operating expenses from rental generating property	-	-
<b>2 Details of investment property</b>		
The investment property consists of land owned by the municipality		
<b>3 Intangible Assets</b>		
<b>Carrying value opening balance</b>	<b>480,240</b>	<b>440,253</b>
Cost	480,240	440,253
Accumulated Amortisation	-	-
Acquisitions	400,780	39,987
<b>Carrying value closing balance</b>	<b>881,020</b>	<b>480,240</b>
Cost	881,020	480,240
Accumulated Amortisation	-	-
The carrying value of intangible assets disclosed relates to computer software which is not amortised		
<b>Reconciliation of Intangible Assets</b>		
Opening Balance - Computer Software	480,240	440,253
Additions	400,780	39,987
Accumulated Amortisation	0	-
<b>Total</b>	<b>881,020</b>	<b>480,240</b>
<b>4 Heritage Assets</b>		
Cost - at 30 June 2014	2 849 000	2 849 000
<b>Additions</b>	<b>1,942,660</b>	
Closing Balance - at 30 June 2015	<b>4 791 660</b>	<b>2 849 000</b>
<b>Reconciliation of heritage assets 2015</b>		
Cost	2 849 000	
<b>Additions</b>	<b>1,942,660</b>	
<b>Total</b>	<b>4 791 660</b>	
<b>Reconciliation of Heritage Assets 2014</b>		
Cost	2 849 000	
<b>Total</b>	<b>2 849 000</b>	



UBUHLEBEZWE MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2015

	2015	2014
	R	R
<b>5 Inventories</b>		
Opening Inventory	4,600,000	4,600,000
Inventory written down	-	-
Sales	-928,860	
Closing Inventory	<u>3,671,140</u>	<u>4,600,000</u>
<b>6 HOUSING OPERATING ACCOUNT</b>		
Housing Operating Account	<u>373,787</u>	<u>373,787</u>
The Housing Operating Account is represented by the following assets and liabilities :		
Housing selling schemes	122,298	122,298
Cash and cash equivalents.	251,489	251,489
	<u>373,787</u>	<u>373,787</u>
<b>7 LONG-TERM RECEIVABLES</b>		
Housing selling scheme loans	122,298	122,298
Less : Provision for Bad Debts	(122,298)	(122,298)
<b>Total</b>	<u>-</u>	<u>-</u>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended 30 June 2015

	2,015	2,014
	R	R
<b>8 TRADE RECEIVABLE FROM EXCHANGE TRANSACTIONS (CONSUMER DEBTORS)</b>		
Rates	16,758,708	13,217,219
Electricity	7,545	7,545
Self help & Loans	211,756	105,661
Refuse	2,791,834	2,730,349
Sundry	110,268	91,725
Rent	468,958	306,833
VAT Debtors	432,818	402,593
	<b>20,781,887</b>	<b>16,861,925</b>
<b>Total service debtors</b>	<b>20,781,887</b>	<b>16,861,925</b>
Less provision for bad debts	-12,781,032	-11,089,145
<b>Total</b>	<b>8,000,855</b>	<b>5,772,780.00</b>
<b><u>Rates: Ageing</u></b>		
Current (0 – 30 days)	-114,023	-427,684
31 - 60 Days	12,235	539,875
61 - 90 Days	9,839	511,056
91 - 120 Days	499,048	482,906
Greater than 120 days.	16,351,609	12,111,066
<b>Total</b>	<b>16,758,708</b>	<b>13,217,219</b>
<b><u>Electricity: Ageing.</u></b>		
Current (0 – 30 days)		
31 - 60 Days		
61 - 90 Days		
91 - 120 Days		
Greater than 120 days.	7,545	7,574
<b>Total</b>	<b>7,545</b>	<b>7,574</b>
<b><u>Self Help Scheme: Ageing.</u></b>		
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
Greater than 120 days.	211,756	105,661
<b>Total</b>	<b>211,756</b>	<b>105,661</b>
<b><u>Rent: Ageing.</u></b>		
Current (0 – 30 days)	59,945	23,057
31 - 60 Days	12,592	2,692
61 - 90 Days	17,970	1,827
91 - 120 Days	17,314	4,787
Greater than 120 days.	361,137	274,470
<b>Total</b>	<b>468,958</b>	<b>306,833</b>
<b><u>Refuse: Ageing.</u></b>		
Current (0 – 30 days)	125,461	-6,242
31 - 60 Days	13,838	94,830
61 - 90 Days	82,100	80,540
91 - 120 Days	74,928	77,262
Greater than 120 days.	2,495,507	2,483,960
<b>Total</b>	<b>2,791,834</b>	<b>2,730,349</b>
<b>8.1 (TRADE RECEIVABLE FROM EXCHANGE TRANSACTIONS -(CONSUMER DEBTORS) continued</b>		
<b><u>Sundry: Ageing.</u></b>		
Current (0 – 30 days)	3,021	2,497
31 - 60 Days	4	2,946
61 - 90 Days	2,303	2,794
91 - 120 Days	2,203	2,744

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended 30 June 2015

	2,015	2,014
	R	R
Greater than 120 days.	102,737	80,744
<b>Total</b>	<b>110,268</b>	<b>91,725</b>
<b><u>Vat Debtors</u></b>		
Current (0 – 30 days)	-75,861	2,354
31 - 60 Days	1,712	13,653
61 - 90 Days	14,332	11,531
91 - 120 Days	27,555	11,487
Greater than 120 days.	465,080	363,568
<b>Total</b>	<b>432,818</b>	<b>402,593</b>
<b><u>Add back credits included above: Ageing</u></b>		
Current (0 – 30 days)	-189,884	-1,223,934
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	-	-
Greater than 120 days	-	-
<b>Total</b>	<b>-189,884</b>	<b>-1,223,934</b>
Included in the consumer debtors balances are the amounts owed by other spheres of Government:		
<b><u>Other spheres of Government: Ageing</u></b>		
Current (0 – 30 days)	-	5,527.03
31 - 60 Days	-	56,566
61 - 90 Days	-	53,086
91 - 120 Days	-	53,177
Greater than 120 days	-	3,353,688
<b>Total</b>	<b>-</b>	<b>3,522,043</b>
<b>8.2 <u>Reconciliation of the doubtful debt provision</u></b>		
Balance at beginning of the year	-11,095,531	-9,200,416
Consumer Debtors	-11,095,531	-8,726,123
Other Debtors (note 7.)	-	-474,293
( Release from ) Contribution to provision	-2,702,265	-2,369,408
Consumer Debtors	-2,702,265	-2,369,408
Vat Debtors	-	-
Bad Debts written of against provision.	1,132,676	474,293
Consumer Debtors	-12,665,120	-11,095,531
Vat Debtors	-	-
Vat Debtors and other debtors	-	-
<b>Balance at end of year.</b>	<b>-12,665,120</b>	<b>-11,095,531</b>
<b>9 OTHER RECEIVABLES (TRADE RECEIVABLE FROM NON-EXCHANGE TRANSACTIONS)</b>		
Sundry Debtors	1,283,265	1,179,793
Other debtors and traffic fines	162,933	85,272
<b>Total Other Debtors</b>	<b>1,446,198</b>	<b>1,265,065</b>
<b>10 VAT RECEIVABLE</b>		
VAT receivable	4,821,506	5,133,487
	<b>4,821,506</b>	<b>5,133,487</b>

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

There is currently an audit underway in order to establish the recoverability of the debt from SARS



**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended 30 June 2015

	2,015	2,014
	R	R
<b>11 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents consist of:		
Cash on hand	5,249	5,249
Bank Balances	3,206,659	1,928,353
Short-term deposits	78,757,765	64,099,551
	<u>81,969,673</u>	<u>66,033,153</u>

**UBUHLEBEZWE MUNICIPALITY**  
NOTES TO FINANCIAL STATEMENTS  
For the year ended 30 June 2015

	2,015	2,014
	R	R
<b>The municipality had the following bank accounts</b>		
<b><u>Current Account (Primary Bank Account)</u></b>		
First National Bank Limited - Ixopo Branch: Account Number 52552416194		
Cash book balance at beginning of year	1,933,602	3,480,856
Cash book balance at end of the financial period	3,206,659	1,933,602
Bank statement balance at beginning of year	1,448,149	3,483,276
Bank statement balance at end of the financial period	3,134,604	1,448,149
<b>Investment Bank account</b>		
<b><u>First National Bank - Ixopo Branch</u></b>		
<i>Account Number 62143895988 Short Term Investment Account</i>		
Bank statement balance at the beginning of the year	2,455,109	1,281,553
Bank statement balance at the end of the year	207,163	2,455,109
<b>Investment Bank account</b>		
<b><u>First National Bank - Ixopo Branch</u></b>		
<i>Account Number 62248166218 Sangcwaba Short Term Investment Account</i>		
Bank statement balance at the beginning of the year	633,047	618,502
Bank statement balance at the end of the year	592,381	633,047
<b>Investment Bank account</b>		
<b><u>First National Bank - Ixopo Branch</u></b>		
<i>Account Number 7 Day Call Short Term Investment Account</i>		
Bank statement balance at the beginning of the year	4,192,999	-
Bank statement balance at the end of the year	-	4,192,999
<b>Investment Bank account</b>		
<b><u>Nedbank - Ixopo Branch</u></b>		
<i>Account Number 7881076763/001 Fixed Deposit 1 month</i>		
Bank statement balance at the beginning of the year	10,406,787	-
Bank statement balance at the end of the year	-	10,406,787
<b>Investment Bank account</b>		
<b><u>Nedbank - Ixopo Branch</u></b>		
<i>Account Number 7881076763/000047 Fixed Deposit 3 months</i>		
Bank statement balance at the beginning of the year	-	4,563,609
Bank statement balance at the end of the year	-	-

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended 30 June 2015

	2,015	2,014
	R	R
<b>Investment Bank account</b>		
<b><u>Nedbank - Ixopo Branch</u></b>		
<i>Account Number 03/ 7881076763/002 Fixed Deposit 3 months</i>		
Bank statement balance at the beginning of the year	5,314,469	5,064,274
Bank statement balance at the end of the year	-	5,314,469
<b>Investment Bank account</b>		
<b><u>Nedbank - Ixopo Branch</u></b>		
<i>Account Number 7881076763/018</i>		
Bank statement balance at the beginning of the year	3,790,022	3,602,349
Bank statement balance at the end of the year	-	3,790,022
<b>Investment Bank account</b>		
<b><u>Standard Bank Account - Ixopo Branch</u></b>		
<i>Account Number 90 Days Equitable Share</i>		
Bank statement balance at the beginning of the year	5,366,354	5,088,391
Bank statement balance at the end of the year	-	5,366,354
<b>Investment Bank account</b>		
<b><u>Standard Bank Account - Ixopo Branch</u></b>		
<i>Account Number 90 Days Equitable Share - 068730276 - 005</i>		
Bank statement balance at the beginning of the year	-	5,196,770
Bank statement balance at the end of the year	10,100,202	-
<b>Investment Bank account</b>		
<b><u>Standard Bank Account - Ixopo Branch</u></b>		
<i>Account Number- MIG 068730276-007</i>		
Bank statement balance at the beginning of the year	-	5,203,019
Bank statement balance at the end of the year	-	-
<b>Investment Bank account</b>		
<b><u>Standard Bank Account - Ixopo Branch</u></b>		
<i>Account Number 068730276-004</i>		
Bank statement balance at the beginning of the year	2,950,382	2,804,016
Bank statement balance at the end of the year	2,950,382	2,950,382
<b>Investment Bank account</b>		
<b><u>Standard Bank Account - Ixopo Branch</u></b>		
<i>Account Number 068730276-005 Short Term Investment Account</i>		
Bank statement balance at the beginning of the year	10,143,972	-
Bank statement balance at the end of the year	10,765,896	10,143,972
<b>Investment Roads Grant</b>		
<b><u>Standard Bank Account - Ixopo Branch</u></b>		
<i>Account Number 068730276-006 Fixed Deposit 3 months</i>		
Bank statement balance at the beginning of the year	5,202,039	-
Bank statement balance at the end of the year	5,568,451	5,202,039
<b>Investment Bank account</b>		
<b><u>Ithala - Ixopo Branch</u></b>		
<i>Account Number</i>		
Bank statement balance at the beginning of the year	5,069,737	-
Bank statement balance at the end of the year	5,384,085	5,069,737



**UBUHLEBEZWE MUNICIPALITY**  
NOTES TO FINANCIAL STATEMENTS  
For the year ended 30 June 2015

	2,015	2,014
	R	R

**Investment Bank account**

**Ithala - Ixopo Branch**

***Account Number 46125086***

Bank statement balance at the beginning of the year

3,239,466

3,082,221

Bank statement balance at the end of the year

-

**3,239,466**

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended 30 June 2015

	2,015	2,014
	R	R
<b>Investment Bank account</b>		
<b><u>Ithala - Ixopo Branch</u></b>		
<b>Account Number</b>		
Bank statement balance at the beginning of the year	5,069,737	-
Bank statement balance at the end of the year	<u>5,384,085</u>	<u>5,069,737</u>
<b>Investment Bank account</b>		
<b><u>Ithala - Ixopo Branch</u></b>		
<b>Account Number 46125086</b>		
Bank statement balance at the beginning of the year	3,239,466	3,082,221
Bank statement balance at the end of the year	<u>-</u>	<u>3,239,466</u>
<b>Investment Bank account</b>		
<b>Absa - Ixopo Branch</b>		
<b>Account Number 20 - 7042-5909</b>		
Bank statement balance at the beginning of the year	-	3,445,068
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>
<b>Investment Bank account</b>		
<b>Absa - Ixopo Branch</b>		
<b>Account Number 40553523279/001</b>		
Bank statement balance at the beginning of the year	-	4,154,023
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>
<b>Investment Bank account</b>		
<b>Absa - Ixopo Branch</b>		
<b>Account Number-ABSA: 60 Days Small Town Rehab.</b>		
Bank statement balance at the beginning of the year	5,335,168	5,084,911
Bank statement balance at the end of the year	<u>-</u>	<u>5,335,168</u>
<b>Investment Bank account</b>		
<b>Absa - Ixopo Branch</b>		
<b>Account Number-ABSA: 3 Months: Small Town Rehab.</b>		
Bank statement balance at the beginning of the year	-	5,084,447
Bank statement balance at the end of the year	<u>10,471,117</u>	<u>-</u>
<b>Account Number-ABSA: 3 Months: Small Town Rehab.</b>		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	<u>10,000,000</u>	<u>-</u>
<b>Account Number-ABSA: 3 Months: Small Town Rehab.</b>		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	<u>10,307,804</u>	<u>-</u>
<b>Account Number-ABSA: 3 Months: Small Town Rehab.</b>		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	<u>10,152,877</u>	<u>-</u>
<b>Account Number-ABSA: 3 Months: Small Town Rehab.</b>		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	<u>5,207,759</u>	<u>-</u>



**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended 30 June 2015

	2,015	2,014
	R	R
<b>12 FINANCE LEASE OBLIGATION</b>		
Minimum lease payments due		
Within one year	281,815	405,985
in 2 to 5 years inclusive	62,932	454,040
	<u>344,747</u>	<u>860,025</u>
<b>Present value minimum lease payments due</b>		
Within one year	281,815	405,985
in 2 to five years inclusive	62,932	454,040
	<u>344,747</u>	<u>860,025</u>

Finance lease payments represent payments payable by the municipality for photocopiers and printers.  
No finance lease period is more than five years. All finance leases have signed contracts with the service providers.

**13 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

Trade payables	5,951,785	8,840,561
Deposits Other	361,779	194,723
Payments received in advance	814,891	608,953
Staff leave accrual	2,543,895	1,172,750
Retentions	4,645,095	2,514,327
Payroll Suspense	-	-
Other creditors	-60	204,562
<b>Total creditors</b>	<u>14,317,385</u>	<u>13,535,876</u>

Leave provision is calculated on leave due up to 48 days (Over and above 48 days is not provided for in terms of the Bargaining Council agreement )

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended 30 June 2015

2,015

2,014

R

R

**14 UNSPENT CONDITIONAL GRANTS AND SUBSIDIES**

**Unspent Conditional Grants from other spheres of Government**

Capital Investment Program

G I S Grant

Hawkers/Taxi Grant

H R Systems Governance

Ixopo Sportsfields Maintenance

Small Town Rehabilitation

Land Use Management

Library Building Grant

Market Stalls

LED Programmes

Thusong Centre

Ixopo Sportsfields

Project Management Unit

Sangcwaba Grant

Electrification - Cogta

Electrification - DoE

Mackenzie Farm

**Total**

**Total Unspent Conditional Grants and Subsidies**

See Note 18 for reconciliation of grants and receipts.

		9,700
	-	2,659
		1,033,341
	-	390
143,182		656,496
12,825,345		8,791,803
		220,238
25,225		47,718
0		350,877
		-
	-	1
129,350		
		163,377
565,387		623,220
		-
480,796		-
<b>14,169,285</b>		<b>11,899,819</b>
<b>14,169,285</b>		<b>11,899,819</b>

**15 Revenue**

Service Charges

Rental of facilities

Interest received

Licences and permits

Miscellaneous other revenue

Property rates

Penalties imposed

Government grants and subsidies

Fines

1,463,902	1,478,348
810,788	855,697
5,445,944	3,792,522
3,506,864	3,234,340
1,675,263	1,186,342
12,348,922	12,409,933
-100	539,317
140,995,142	99,063,980
263,912	187,605
<b>166,510,637</b>	<b>122,748,084</b>

**15.1 The amounts included in revenue arising from exchange of goods and services are as follows**

Service charges

Rental of facilities and equipment

Interest received (trading)

Licence and permits

Miscellaneous other revenue

1,463,902	1,478,348
810,788	855,697
5,445,944	3,792,522
3,506,864	3,234,340
1,675,263	1,186,342
<b>12,902,761</b>	<b>10,547,249</b>

**15.2 The amount included in revenue arising from non-exchange transactions is as follows:**

**Taxation revenue**

Property rates

Penalties imposed

**Transfer revenue**

Government grants and subsidies

Fines

12,348,922	12,409,933
-100	539,317
140,995,142	99,063,980
263,912	187,605
<b>153,607,876</b>	<b>112,200,835</b>

**16 PROPERTY RATES**

Property rates

Less Revenue Forgone

19,935,452	19,000,161
-7,586,530	-6,590,228

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended 30 June 2015

	2,015	2,014
	R	R
<b>Total property rates</b>		
Property rates - penalties imposed and collection charges	12,348,922	12,409,933
<b>Total</b>	<u>12,348,922</u>	<u>12,949,250</u>
<b>Valuations</b>		
Residential		
Commercial	229,855,000	229,855,000
State	268,779,000	268,779,000
Industrial	240,376,000	240,376,000
Municipal	22,050,000	22,050,000
Agricultural	19,564,000	19,564,000
Donation: Sport & Welfare	1,815,200,000	1,815,200,000
Farms- Residential	-	-
Smallholdings- Agriculture	4,839,000	4,839,000
Public service Infrastructure	2,525,000	2,525,000
Smallholdings- Commercial	2,578,000	2,578,000
Ingonyama Trust	6,547,000	6,547,000
Vacant land	24,360,000	24,360,000
Communal Settlement	28,957,000	28,957,000
<b>Total Property Valuations</b>	<u>12,245,000</u>	<u>12,245,000</u>
	<u><b>2,677,875,000</b></u>	<u><b>2,677,875,000</b></u>

Valuations on land and buildings are performed every five years. The current general valuation came into effect on 1 July 2013.

Interim valuations are processed on an annual basis to take into account changes in individual property values due to payable by the end of April. alterations.

Rates are levied in ten monthly equal instalments with the first instalment being due at the end of August and the last instalment is in May due at the end of June.

- Residential	0.0141c/R	0.0141c/R
- State owned	0.0145c/R	0.0145c/R
- Agriculture	0.0035c/R	0.0035c/R
- Infrastructure	0.0035c/R	0.0035c/R
- Communal land	0.0035c/R	0.0035c/R
- Commercial	0.0035c/R	0.0035c/R
- Industrial	0.0145c/R	0.0145c/R
- Place of worship	0.0152c/R	0.0152c/R
	Exempt	Exempt

The municipality does not levy rates on the first R15 000 of the market value of properties assigned to the categories below:

Residential;  
Agriculture;  
Smallholding (Agriculture);  
Commercial;  
Industrial; and  
Communal land.

The Municipality does not levy rates on the first 30% of the market value of Public service infrastructure and State owned properties.

## 17 SERVICE CHARGES

Refuse removal	1,463,902	1,478,348
<b>Total Service Charges</b>	<u>1,463,902</u>	<u>1,478,348</u>



**UBUHLEBEZWE MUNICIPALITY**  
NOTES TO FINANCIAL STATEMENTS  
For the year ended 30 June 2015

	2,015	2,014
	R	R
<b>18 RENTAL OF FACILITIES AND EQUIPMENT</b>		
Rental of facilities	810,788	855,697
Rental of equipment	-	-
Other rentals	-	-
<b>Total rentals</b>	<b>810,788</b>	<b>855,697</b>
<b>19 INTEREST EARNED - ON SHORT TERM DEPOSITS</b>		
Call Interest	5,445,944	3,499,083
Bank Current Account	-	293,440
<b>Total interest</b>	<b>5,445,944</b>	<b>3,792,523</b>
<b>20 GOVERNMENT GRANTS AND RECEIPTS</b>		
Equitable share	66,977,000	56,315,505
Financial Management Grant	1,800,000	1,684,048
Geographical Information Systems Grant	-	5,807
Small Town Rehabilitation - <i>Capital Grant</i>	9,700,000	8,102,770
Municipal Development Planning Capacity	-	24,973
Sancwaba Grant	-	50,730
Library Cyber Grant	535,000	519,326
Mariathal Project	-	8,197
Municipal Admin Development	-	9,000
Library Assistant Grant	126,000	-
Municipal Infrastructure Grant - <i>Capital Grant</i>	23,553,000	27,933,983
Kuyasa School	-	4,302
Project Consolidate (Municipal Systems Information Grant)	934,000	1,023,513
EPWP	1,090,000	1,000,000
LED Programmes	1,735,000	1,808,582
Thusong Centre	-	387,173
Ixopo Sportsfields and maintenance	-	63,318
Waste Disposal Site Grant	-	118,121
Sponya Housing	56,288	-
Electrification - Cogta - <i>Capital Grant</i>	20,815,000	-
Electrification - DOE - <i>Capital Grant</i>	8,000,000	-
Management Assistance Grant	-	4,632
Mackenzie Farm - <i>Capital Grant</i>	8,000,000	-
<b>Total Grants and Receipts</b>	<b>143,321,288</b>	<b>99,063,980</b>
<b>20.1 Equitable Share</b>		
<b>Balance unspent at beginning of year</b>		
Current allocation	66,977,000	57,039,000
Amount withheld	-	723,495
Current year receipts	66,977,000	56,315,505
Conditions met - transferred to revenue	-66,977,000	-56,315,505
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<b>-</b>	<b>-</b>
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
<b>20.2 Capital Investment Programme Grant</b>		
<b>Balance unspent at beginning of year</b>		
Current year receipts	9,700	9,700
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<b>9,700</b>	<b>9,700</b>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended 30 June 2015

	2,015	2,014
	R	R
<b>20.3 Financial Management Grant</b>		
Balance unspent at beginning of year	-	34,048
Current year receipts	1,800,000	1,650,000
Conditions met - transferred to revenue	-1,800,000	-1,684,048
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u>-</u>	<u>-</u>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended 30 June 2015

	2,015	2,014
	R	R
<b>20.4 Geographical Information Systems Grant</b>		
Balance unspent at beginning of year	2,659	8,466
Current year receipts (GIS grants consolidated transferred from GIS 07/06)	-	-
Conditions met - transferred to revenue	-2,659	-5,807
Conditions still to be met - remain liabilities (see note 13)	<u>-</u>	<u>2,659</u>
<b>20.5 Hawkers/Taxi Grant</b>		
Balance unspent at beginning of year	1,033,341	1,033,341
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 13)	<u>1,033,341</u>	<u>1,033,341</u>
<b>20.6 HR Systems Governance</b>		
Balance unspent at beginning of year	390	7,170
Current year receipts	-	-
Conditions met - transferred to revenue	-390	-6,780
Conditions still to be met - remain liabilities (see note 13)	<u>-</u>	<u>390</u>
<b>20.7 Internal Roads / Small Town Rehabilitation Grant</b>		
Balance unspent at beginning of year	8,791,802	5,824,434
Current year receipts	9,700,000	11,143,000
Conditions met - transferred to revenue	-5,666,457	-8,175,631
Conditions still to be met - remain liabilities (see note 13)	<u>12,825,345</u>	<u>8,791,803</u>
<b>20.8 Kuyasa School Grant</b>		
Balance unspent at beginning of year	-	4,302
Current year receipts	-	-
Conditions met - transferred to revenue	-	-4,302
Conditions still to be met - remain liabilities (see note 13)	<u>-</u>	<u>-</u>
<b>20.9 Land Use Management</b>		
Balance unspent at beginning of year	220,238	220,238
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 13)	<u>220,238</u>	<u>220,238</u>
<b>20.10 Library Assistant</b>		
Balance unspent at beginning of year	-	-134,945
Current year receipts	126,000	120,000
Conditions met - transferred to revenue	-126,000	14,945
Conditions still to be met - remain liabilities (see note 13)	<u>-</u>	<u>-</u>
<b>20.11 Library Building Grant</b>		
Balance unspent at beginning of year	47,718	-117,956
Current year receipts	535,000	685,000
Conditions met - transferred to revenue	-557,493	-519,326
Conditions still to be met - remain liabilities (see note 13)	<u>25,225</u>	<u>47,718</u>
<b>20.12 Municipal Infrastructure Grant</b>		
Balance unspent at beginning of year	-	5,895,983
Current year receipts	23,553,000	22,038,000
Conditions met - transferred to revenue	-23,553,000	-27,933,983



**UBUHLEBEZWE MUNICIPALITY**  
NOTES TO FINANCIAL STATEMENTS  
For the year ended 30 June 2015

	2,015	2,014
	R	R
Conditions still to be met - remain liabilities (see note 13)	-	-
<b>20.13 Management Assistance Grant</b>		
Balance unspent at beginning of year	-	4,632
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 13)	-	-4,632
<b>20.14 Marlthal Project Grant</b>		
Balance unspent at beginning of year	-	8,197
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 13)	-	-8,197
<b>20.15 Market Stalls Grant</b>		
Balance unspent at beginning of year	350,877	350,877
Current year receipts	-	-
Conditions met - transferred to revenue	-350,877	-
Conditions still to be met - remain liabilities (see note 13)	0	350,877
<b>20.16 LED Programme</b>		
Balance unspent at beginning of year	-	308,582
Current year receipts	1,735,000	1,500,000
Conditions met - transferred to revenue	-1,735,000	-
Conditions still to be met - remain liabilities (see note 13)	-	-1,808,582
<b>20.17 Mun Development Planning Capacity Building</b>		
Balance unspent at beginning of year	-	24,973
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 13)	-	-24,973
<b>20.18 Municipal administrative Development</b>		
Balance unspent at beginning of year	-	9,000
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 13)	-	-9,000
<b>20.19 Mziki LCH</b>		
Balance unspent at beginning of year	-	-573,880
Current year receipts	-	-
Written-off - 31 Dec. 2013	-	-
Conditions still to be met - remain liabilities (see note 13)	-	573,880

**UBUHLEBEZWE MUNICIPALITY**  
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For the year ended 30 June 2015

	2,015	2,014
	R	R
<b>20.20 Nokweja Disaster Fund</b>		
Balance unspent at beginning of year	-	-8,558
Current year receipts	-	-
Written-off - 31 Dec. 2013	-	8,558
Balance owing transferred to debtors ( Refer to note 8)	-	-
	-	-
<b>20.21 Thusong Service Centre</b>		
Balance unspent at beginning of year	1	387,000
Current year receipts	-	-
Conditions met - transferred to revenue	-1	-386,999
Conditions still to be met - remain liabilities (see note 13)	-	1
	-	-
<b>20.22 Project Consolidate (Municipal Systems Information Grant)</b>		
Balance unspent at beginning of year	-	34,513
Current year receipts	934,000	890,000
Conditions met - transferred to revenue	-934,000	-924,513
Conditions still to be met - remain liabilities (see note 13)	-	-
	-	-
<b>20.23 Project Management unit</b>		
Balance unspent at beginning of year	163,377	163,377
Adjustments	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - remain liabilities (see note 13)	163,377	163,377
	-	-
<b>20.24 Sangcwaba Grant</b>		
Balance unspent at beginning of year	623,220	673,950
Current year receipts	-	-
Conditions met - transferred to revenue	-	-50,730
Conditions still to be met - remain liabilities (see note 13)	623,220	623,220
	-	-
<b>20.25 Waste Disposal Site</b>		
Balance unspent at beginning of year	-	118,121
Conditions met - transferred to revenue	-	-118,121
Conditions still to be met - remain liabilities (see note 13)	-	-
	-	-
<b>20.26 Ixopo Sportsfield</b>		
Balance unspent at beginning of year	420,000	-
Adjustment	-	143,931
Current year receipts	-	570,000
Disclosed as a debtor in 2013	-	-144,366
Written Off in the current year	-	144,366
Conditions met - transferred to revenue	-276,818	-57,435
Conditions still to be met - remain liabilities (see note 13)	143,182	656,496
	-	-
<b>20.27 Ixopo Sports Field Maintenance</b>		
Balance unspent at beginning of year	-	118,121
Conditions met - transferred to revenue	-107,145	-118,121
Conditions still to be met - remain liabilities (see note 13)	-107,145	-
	-	-
<b>20.28 EPWP Grant</b>		
Balance unspent at beginning of year	-	411,505
Adjustments - Witheld and transferred to Equitable Share	-	-411,505
Current year receipts	1,090,000	1,000,000
Conditions met - transferred to revenue	-1,090,000	-1,000,000
Conditions still to be met - remain liabilities (see note 13)	-	-
	-	-

**UBUHLEBEZWE MUNICIPALITY**  
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	2,015	2,014
	R	R
<b>20.29 Mckenzie Farm</b>		
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	8,000,000	-
Conditions still to be met - remain liabilities (see note 13)	-7,519,204	-
	<u>480,796</u>	<u>-</u>
<b>20.30 Electrification - Cogta</b>		
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	20,815,000	-
Conditions still to be met - remain liabilities (see note 13)	-20,815,000	-
	<u>-</u>	<u>-</u>
<b>20.31 Electrification - DOE</b>		
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	8,000,000	-
Conditions still to be met - remain liabilities (see note 13)	-8,000,000	-
	<u>-</u>	<u>-</u>
<b>20.32 Sponya Housing</b>		
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	56,288	-
Conditions still to be met - remain liabilities (see note 13)	-56,288	-
	<u>-</u>	<u>-</u>
<b>21 OTHER INCOME</b>		
<i>Included in other income are the following:-</i>		
Sundry income	5,400	287,889
Licence commission	732,927	665,515
Burial fees	19,341	31,025
Building fees	48,233	63,890
Lost books	-	134
Library photostats	-	3,037



**UBUHLEBEZWE MUNICIPALITY**  
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For the year ended 30 June 2015

	2,015	2,014
	R	R
Sale of assets		
Admin fees	160,752	-
Basic Charge- Fire Services	26,949	25,172
Skills development	36,103	27,079
Rates Clearance	79,763	85,550
	6,829	5,950
<b>22 EMPLOYEE RELATED COSTS</b>	<b>1,116,295</b>	<b>1,195,242</b>
Employee related costs - Salaries and Wages	29,228,745	24,817,487
Employee related costs - Contributions for UIF, pensions and medical aids	6,426,877	5,389,609
Travel, motor car, accommodation, subsistence and other allowances	1,921,182	1,626,472
Housing benefits and allowances	13,369	10,644
Overtime payments	1,176,295	726,232
13th Cheques	520,836	451,773
Other employee related costs	1,904,553	1,694,050
<b>Total Employee Related Costs</b>	<b>41,191,857</b>	<b>34,716,267</b>
<i>There were no advances to employees.</i>		
<b>Remuneration of the Municipal Manager</b>		
Annual Remuneration	874,937	781,104
Performance- and other bonuses	150,852	141,645
Travel, motor car, accommodation, subsistence and other allowances	154,104	169,407
Contributions to UIF, Medical and Pension Funds	118,237	110,992
<b>Total</b>	<b>1,298,130</b>	<b>1,203,148</b>
<b>Remuneration of the Chief Financial Officer</b>		
Annual Remuneration	712,095	600,000
Performance- and other bonuses	115,917	108,843
Travel, motor car, accommodation, subsistence and other allowances	197,305	233,356
Contributions to UIF, Medical ,Pension Funds and Skills levy	11,116	10,711
<b>Total</b>	<b>1,036,433</b>	<b>952,910</b>
<b>Technical Services</b>		
Annual Remuneration	717,013	697,500
Performance- and other bonuses	111,154	67,095
Travel, motor car, accommodation, subsistence and other allowances	122,531	56,178
Contributions to UIF, Medical and Pension Funds	10,916	9,891
<b>Total</b>	<b>961,614</b>	<b>830,664</b>
The Director infrastructure resigned in December 2012, subsequently a new director was appointed in January 2013.		
<b>Corporate Services</b>		
Annual Remuneration	699,364	625,500
Performance- and other bonuses	71,456	67,095
Travel, motor car, accommodation, subsistence and other allowances	121,080	145,574
Contributions to UIF, Medical and Pension Funds	10,534	9,956
<b>Total</b>	<b>902,434</b>	<b>848,125</b>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended 30 June 2015

2,015

2,014

R

R

The remuneration for the Director: Corporate Services post is for the full financial year.

**Social Development**

Annual Remuneration		
Performance- and other bonuses	606,958	558,500
Travel, motor car, accommodation, subsistence and other allowances	71,456	67,095
Contributions to UIF, Medical and Pension Funds	191,085	212,021
	10,146	9,851
<b>Total</b>	<b>879,645</b>	<b>847,467</b>

**23 REMUNERATION OF COUNCILLORS**

Mayor		
Deputy Mayor	752,000	491,390
Speaker	604,832	334,145
Exco Members	344,381	216,212
Councillor skills levy	903,284	486,091
Councillors' allowances	59,999	57,120
Cellular Allowance	3,934,646	5,260,039
Councillors' data cards	495,615	91,052
<b>Total Councillors' Remuneration</b>	<b>85,500</b>	<b>14,400</b>
	<b>7,180,257</b>	<b>6,893,329</b>

**In-kind Benefits**

The Mayor and two of the Executive Committee members are full-time. Each is provided with an office and shared secretarial support at the cost of the Council.

The Mayor and the Deputy Mayor has use of the Council owned vehicle. A municipal driver is allocated to the Mayor for official duties as indicated in the Municipal Vehicle Usage Policy.

**24 CONTRACTED SERVICES**

Contracted services for:

Consultancy Fees		
Security	489,123	636,675
Insurance	1,698,264	1,715,723
Rental of Hardware	306,273	604,635
other	424,658	343,784
	2,043,999	1,104,662
	<b>4,962,318</b>	<b>4,405,479</b>

	2,015	2,014
	R	R
<b>25 GENERAL EXPENSES</b>		
Included in general expenses are the following:-		
Advertisements		425,299
Arts and Culture	362,693	
Pest Control	186,155	342,847
Water	8,596	5,395
Audit-External	522,399	6,016
Bank Charges	1,228,209	1,362,476
Breakdown Services	111,634	112,249
HIV/Aids awareness	-	-2
Marketing & Tourism	317,997	142,611
Stores and mainenance	16,837	312,401
Chemicals, Cleaning & First Aid	23,557	15,815
Cleaning Office	57,461	25,717
Community Awareness	122,406	94,349
Compensation Commissioner	-	46,580
Computer & IT Support	-	305,593
Plan development	829,146	469,394
Electricity	-	297,806
Employment Creation	367,969	229,826
Entertainment	1,125,626	1,425,836
Free Basic Electricity.	107,548	70,111
Freight Costs/Hire Costs	1,514,324	1,114,651
Fuel & Oil	12,330	24,561
Gender Development	1,199,124	1,284,070
Bursary Youth	195,786	188,510
Bursary Staff	268,557	313,800
IDP Budget Review	77,290	
Employees Assistance Programme	200,287	97,272
LED Projects	86,754	48,189
Legal Fees	2,427,541	2,874,046
Licences & Permits	836,115	839,973
Moral Regeneration	98,198	69,287
Occupational Safety/Protective clothing	33,900	20,020
Disaster Management, back to school and corporate branding	496,468	271,156
Postage	181,863	178,977
Printing & Stationery	86,203	80,691
Public Paticipation	623,910	672,983
Library outreach programme	303,620	643,672
SMME Capacity Building	14,368	
Traffic Levy	31,343	115,953
Refuse Expenses	7,814	8,903
Land Disposal Policy	897,721	325,639
Reimburive Travel	-	157,520
S & T Accommodation.	400,317	296,455
Arts Promotions	1,170,772	862,253
Town Planning initiative	109,233	171,685
Software Licence Fees	481,000	-
Special Programmes	326,336	283,389
Sports & Recreation	750,384	378,115
Strategic Plan.	495,719	479,075
Subs Membership & Publication.	403,279	608,526
Sundry.	565,076	483,194
Training	48,721	20,244
Unemployment Training	2,208,320	1,559,762
Job Evaluation	227,850	
Valuation Roll.	10,000	
Ward Committee	93,922	610,943
ID Campaign	671,625	710,081
Team Building	-	26,070
	116,613	-



**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended 30 June 2015

	2,015	2,014
	R	R
Youth Upliftment	422,774	303,830
<b>26 CASH GENERATED BY OPERATIONS</b>	<b>23,483,690</b>	<b>21,813,814</b>
Surplus/(deficit) for the year	59,201,156	27,255,471
Adjustment for:-	-	-
Interest earned	5,445,944	-3,792,522
Interest expense	-	-
Depreciation and amortisation	19,781,566	19,591,019
Impairment of property, plant and equipment	-	-
Provisions	-5,365,014	2,951,451
Increase / Decrease in contribution to post retirement benefits	-801,000	843,930
Sundry	-	-
<b>Working Capital Movements</b>	<b>-</b>	<b>-</b>
Increase / Decrease in trade receivables from non - exchange transactions.	181,133	-1,276,421
Increase /Decrease in trade receivables from Exchange transactions.	2,228,075	-661,243
Decrease/Increase in VAT receivable	-422,320	835,227
Decrease / Increase in Inventory	-3,671,140	-
Increase /Decrease in trade payables	781,509	-1,798,231
Increase /Decrease in Unspent Grants	2,269,466	-3,776,520
Decrease/Increase in current portion of lease liability	-124,170	-405,985
<b>Cash generated by operations</b>	<b>79,505,206</b>	<b>39,766,176</b>

**27 CORRECTION OF ERROR**

The comparatives for 2013/2014 have been restated in respect of the following errors:

**27.1 Investment Property**

	Cost	Accumulated Depreciation
Balance previously reported	17,922,139	-336,452
Fair Value Cost not recorded previously recorded	300,000	-
Accumulated Depreciation not previously recorded	-	-270,000
Depreciation for 2013/14	-	10,000
<b>Restated balance at June 2014</b>	<b>18,222,139</b>	<b>-596,452</b>

**27.2 Buildings**

	Cost	Accumulated Depreciation
Balance previously reported	32,219,871	-10,956,958
Fair Value Cost not recorded previously recorded	590,000	-
Accumulated Depreciation not previously accounted for	-	-257,677
Depreciation for 2013/14	-	17,344
<b>Restated balance at June 2014</b>	<b>32,809,871</b>	<b>-11,197,291</b>

**27.3 Community Assets**

	Cost	Accumulated Depreciation
Balance previously reported	116,454,123	-40,038,775
Impairment not correctly accounted for - cost	-7,842,587	-
Cost of community assets previously not recognised	337,000	-
Impairment not correctly accounted for - Accumulated depreciation	-	7,842,587
Adjustment for fully depreciated assets	-	5,102,499
Depreciation for 2013/14	-	-1,700,193
<b>Restated balance at June 2014</b>	<b>108,948,536</b>	<b>-28,793,882</b>

**UBUHLEBEZWE MUNICIPALITY**  
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	2,015	2,014
	R	R
<b>27.4 Furniture &amp; Equipment</b>		
	<b>Cost</b>	<b>Accumulated Depreciation</b>
Balance previously reported	3,508,678	-1,679,912
Fair Value Cost not recorded previously	225,329	
Accumulated depreciation not previously accounted for and / or incorrectly accounted for.		-177,645.00
Depreciation not previously recorded 2014		53,803.00
<b>Restated balance at June 2014</b>	<b>3,734,007</b>	<b>-1,803,754.00</b>
<b>27.5 Computer Equipment</b>		
	<b>Cost</b>	<b>Accumulated Depreciation</b>
Balance previously reported	2,315,103	-859,117.00
Fair Value Cost not recorded previously	382,169	
Accumulated depreciation not previously accounted for and / or incorrectly accounted for.		-319,061.00
Depreciation 2013/14		33,882.00
<b>Restated balance at June 2014</b>	<b>2,697,272</b>	<b>-1,144,296.00</b>
<b>27.6 Plant &amp; Equipment</b>		
	<b>Cost</b>	<b>Accumulated Depreciation</b>
Balance previously reported	3,251,525	-1,651,375
Fair Value Cost not recorded previously	32,721	
Accumulated depreciation not previously accounted for and / or incorrectly accounted for.		62,639.00
Depreciation 2013/14		-12,669.00
<b>Restated balance at June 2014</b>	<b>3,284,246</b>	<b>-1,601,405.00</b>
<b>27.7 Vehicles</b>		
	<b>Cost</b>	<b>Accumulated Depreciation</b>
Balance previously reported	5,525,079	-2,125,367
Fair Value Cost not recorded previously		
Accumulated depreciation not previously accounted for and / or incorrectly accounted for.		23327
Depreciation 2013/14		-8,848
<b>Restated balance at June 2014</b>	<b>5,525,079</b>	<b>-2,110,888</b>
<b>27.8 Infrastructure Assets</b>		
	<b>Cost</b>	<b>Accumulated Depreciation</b>
Balance previously reported	179,481,228	-123,816,539
Fair Value Cost not recorded previously	2,575,990	
Accumulated depreciation not previously accounted for and / or incorrectly accounted for.		-1,039,015.25
Depreciation 2013/14		-324,809
<b>Restated balance at June 2014</b>	<b>182,057,218</b>	<b>-125,180,363</b>
<b>27.9 Work In Progress</b>		
Balance Previously reported	28,768,072	
Correction - Capitalising Asset	-2,362,598	
<b>Restated Balance</b>	<b>26,405,474</b>	
Correcting an asset that was previously not capitalised		

**UBUHLEBEZWE MUNICIPALITY**  
NOTES TO FINANCIAL STATEMENTS  
For the year ended 30 June 2015

	2,015	2,014
	R	R

**27.10 Inventory**

Adjustments affecting the statement of financial position

	Investment Property	Inventory
Opening balance		
Correction of inventory previously classified as investment property	17,585,687.00	
Restated balance as at June 2013	-4,600,000.00	4,600,000.00
	12,985,687.00	4,600,000.00

Land, included in investment property in the year 2012/13 was not correctly transferred to inventory in the financial year 2013/14 when there was a change of intension to develop the land into a residential area for resale. Investment property was derecognised on the financial system and asset register. The development has been re-classified as inventory as required by GRAP

**27.11 Payable from exchange transactions**

	2015	2014
Adjustments affecting the statement of financial position		
Opening balance	374,591	
Accruals not cleared in the previous financial year - 2010/11	-110,766	
Accruals not cleared in the previous financial year - 2012/13	-99,000	
Accruals not cleared in the previous financial year - 2013/14	-100,904	
Closing balance	63,921.26	374,591.25

Accruals relating to the previous financial years were raised and not cleared in full due to unsatisfactory/incomplete delivery of goods/services. This resulted in part payments and a differences between the accruals raised and paid

**27.12 Payable from exchange transactions**

	2015	2014
Adjustments affecting the statement of financial position		
Opening balance	20,707	
Clearing of cancelled order that erroneously remained on the system	-20,707	20,707
Closing balance	-	20,706.91

Clearing of orders relating to the previous financial years 2013/14 which were cancelled , but remained in the vote due to system error.

**27.13 Payable from exchange transactions**

	2015	2014
Adjustments affecting the statement of financial position		
Opening balance	102,036	
Untraceable reconciling item	-102,036	102,036
Closing balance	-	102,036

An untraceable reconciling item on the cashbook expenditure had been carried over from previous financial years. Council approved a write of the amount of R102 035.91 which could not be traced and remained a re-occurring reconciling item on the cash book.

**27.14 Payable from exchange transactions**

	2015	2014
Adjustments affecting the statement of financial position		
Allocating a portion of the invoice previously not accounted for in 2013/14	25,240	
Amount paid	-25,240	
Closing balance	-	

A portion of an invoiced submitted by the the service provider was not paid in full due to incomplete delivery of services. The remaining services were subsequently delivered, however the remaining amount had not been committed.



**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended 30 June 2015

	2,015	2,014
	R	R

**27.15 Receivables from exchange transactions**

	2015	2014
Adjustments affecting the statement of financial position		
Opening balance		
Correction of duplicate entry	95,303	
Closing balance	<u>-95,303</u>	<u>-</u>
Reversal of duplicate entries posted twice		

**27.16 Receivables from exchange transactions**

	2015	2014
Adjustments affecting the statement of financial position		
Opening balance		
Untraceable balance - 2005/2006	3,439	
Closing balance	<u>-3,439</u>	<u>-</u>

An untraceable amount of R 3 439.14 for hall hire deposit had been carried over from the 2005/06 financial years and remained in the municipal books.

**28 FRUITLESS AND WASTEFUL EXPENDITURE**

There was no fruitless and wasteful expenditure incurred as at 30 June 2015

**29 IRREGULAR EXPENDITURE AND DEVIATIONS**

**29.1 IRREGULAR EXPENDITURE**

Reconciliation of irregular expenditure:

Opening balance	229,916	229,916
Section 36 - condoned or written off by Council	-229,916	-
Irregular	4,156,107	-
Section 36 - condoned or written off by Council	-	-
Closing balance	<u>4,156,107</u>	<u>229,916</u>

The above irregular expenditure consists of: (1) R4 787 is as a result of a truck that was serviced without following proper SCM processes. (2) R4 151 320 which was as a result of a deviation from the documented process of evaluating functionality.

**29.2 DEVIATIONS**

<b>Total</b>	<u>260,941</u>	<u>309,800</u>
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The above deviations were due to the nature of the service as well as urgency of the procurement wherein the tenders could not be advertised and or three quotations were not acquired due to the disaster that struck in the municipality.

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended 30 June 2015

	2,015	2,014
	R	R
<b>30 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>30.1 Contributions to organised local government</b>		
Opening balance		
Council subscriptions	500,000	462,000
Amount paid - current	500,000	-462,000
Amount paid - previous years	-	-
<b>Balance unpaid (included in payables)</b>	<u>-</u>	<u>-</u>
<b>30.2 Audit fees</b>		
Opening balance		
Current year audit fee	1,228,209	1,362,476
Amount paid - current year	-1,228,209	-1,362,476
Amount paid - previous years	-	-
<b>Balance unpaid (included in payables)</b>	<u>-</u>	<u>-</u>
<b>30.3 VAT</b>		
Vat received for the year		
VAT paid for the year	-9,563,641	-3,860,770
	-	-
	<u>-9,563,641</u>	<u>-3,860,770</u>
Vat input receivable and VAT output payable are shown in note 8.		
<b>30.4 PAYE, UIF and Skills</b>		
Opening balance		
Current year payroll deductions		-
Amount paid - current year	6,012,080	5,312,549
Amount paid - previous years	-6,012,080	-5,312,549
<b>Balance unpaid (included in payables)</b>	<u>-</u>	<u>-</u>
<b>30.5 Pension and Medical Aid Deductions</b>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	5,747,536	8,682,924
Amount paid - current year	-5,747,536	-8,682,924
Amount paid - previous years	-	-
<b>Balance unpaid (included in payables)</b>	<u>-</u>	<u>-</u>
<b>30.6 Councillor's arrear consumer accounts</b>		
Councillor N.J. Peterson - Speaker		3,446
Councillor D.Ram - Subsequently resigned		2,401
<b>Total Councillor Arrear Consumer Accounts</b>	<u>-</u>	<u>5,847</u>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended 30 June 2015

	2,015	2,014
	R	R
<b>31 CAPITAL COMMITMENTS</b>		
<b>31.1 Commitments in respect of capital expenditure</b>		
Total commitments	8,714,486	60,054,117
- Contract costs to complete	8,714,486	20,033,814
Infrastructure	7,533,965	10,839,361
Community	1,180,521	6,202,483
Other		2,991,970
- Approved but not yet contracted for	-	40,020,303
Infrastructure		20,373,382
Community		4,779,921
Electrification		
Other		14,867,000
Total	<u>8,714,486</u>	<u>60,054,117</u>
<b>31.2 Other Commitments</b>		
Other	770,391	-
Total commitments	9,484,877	60,054,117
This expenditure will be financed from:		
- External Loans	-	-
- Government Grants	8,714,486	50,107,046
- Own resources	-	9,947,071
	<u>8,714,486</u>	<u>60,054,117</u>



	2,015	2,014
	R	R

## 32 RETIREMENT BENEFIT INFORMATION

### 32.1 Retirement benefits

The Municipality's personnel are members of one of the Natal Joint Municipal Pension retirement funds, namely the Superannuation, Retirement and Provident Funds. As the aforementioned funds are multi-employer funds, the allocation of any surplus/deficit to individual municipalities cannot be determined. Furthermore disclosure of further details such as actuarial assumptions, cannot be attributed to any specific municipality and is of no relevance to users of the municipality's financial statements. As the required disclosure information cannot be obtained the funds are all treated as defined contribution plans.

### 32.2 Post-employment medical benefits

The municipality operates on 3 accredited medical aid schemes, namely Bonitas, Keyhealth, and Samwumed.

Pensioners continue on the option they belonged to on the day of their retirement. Independent valuers, Zaqen Actuaries (Pty) Ltd, carried out a statutory valuation as at 30 June 2015.

The post-retirement medical obligations at 30 June 2015 quantified the present value of unfunded obligations at R3,780,000. The Current-service costs for the year ending 30 June 2014 is estimated at R283 000. The principal actuarial assumptions used included a discount rate of Yield Curve, and a health care cost inflation rate of CPI + 1.

The movement in the liability recognised in the balance sheet is as follows:

The principal actuarial assumptions used were as follows:

Balance at beginning of the year	3,705,000	3,305,000
Current service cost	283,000	305,000
Interest cost	342,000	235,000
Benefit payments	-111,000	-103,000
Actuarial (gains)/losses	-	-
	-439,000	-37,000
Expected Employer Benefit Payments	-	-
<b>Closing Accrued Liability</b>	<b>3,780,000</b>	<b>3,705,000</b>

### 32.3 The amounts recognised in the Statement of Financial Position were as follows:

Current service cost	283,000	305,000
Interest cost	342,000	235,000
Actuarial (gains)/losses	-439,000	-37,000
	186,000	503,000
Benefit payments	-111,000	-103,000
Transitional Liability	-	-
	75,000	400,000

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended 30 June 2015

	2,015	2,014
	R	R
<b>The amounts recognised in the Statement of Financial Performance were as follows:</b>		
Current service cost		
Interest cost	283,000	305,000
Benefit payments	342,000	235,000
Actuarial (gains)/losses	-111,000	-103,000
	-439,000	-37,000
	<b>75,000</b>	<b>400,000</b>

**Key Assumptions**

Discount rate per annum	Yield Curve	9.08%
Health care cost inflation rate	CPI + 1	8.12%
Net effective discount rate	Yield Curve Based	0.89%
Benchmark inflation (equal to salary inflation)	0%	0%
Average retirement age	63	63
Proportion continuing membership at retirement	100%	100%
Proportion of retiring members who are married	90%	90%
Mortality during employment	SA 85-90 ultimate	SA 85-90 ultimate
Mortality post-retirement	PA90 ultimate	PA90-1 ultimate
(No explicit assumption was made about additional mortality or health care costs due to AIDS).		

Percentage of in-service members withdrawing before retirement:

	<b>Males</b>	<b>Females</b>
Age 20 - 24	16%	24%
Age 25 - 29	12%	18%
Age 30 - 34	10%	15%
Age 35 - 39	8%	10%
Age 40 - 44	6%	6%
Age 45 - 49	4%	4%
Age 50 - 54	2%	2%
Age 55 - 59	1%	1%
Age 60+	0%	0%

The amounts recognised in the Statement of Financial Position

<b>3,780,000</b>	<b>3,705,000</b>
------------------	------------------

**32.4 Long Service Awards.**

Independent valuers, Zagen Actuaries (Pty) Ltd, carried out a statutory valuation as at 30 June 2015.

**The principal actuarial assumptions used were as follows:**

Discount rate per annum	Yield Curve	8%
General Salary Inflation (Long term)	CPI+1	7%
Net effective discount rate	Yield Curve	1%

Examples of mortality rates used were as follows:

Average retirement age	63	63
Mortality during employment	SA85-90	SA85-90

Members withdrawn from services:

	<b>Males</b>	<b>Females</b>
Age 20 - 24	16%	24%
Age 25 - 29	12%	18%
Age 30 - 34	10%	15%
Age 35 - 39	8%	10%
Age 40 - 44	6%	6%
Age 45 - 49	4%	4%
Age 50 - 54	2%	2%
Age 55 - 59	1%	1%
Age 60+	0%	0%

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended 30 June 2015

	2,015	2,014
	R	R

**32.5** The amounts recognised in the Statement of Financial Position were determined as follows:

Present value of funded obligations	1,700,000	1,547,000
Fair value of plan assets	-	-
Liability in the Statement of Financial Position	<u>1,700,000</u>	<u>1,547,000</u>

**Movements in the defined benefit obligation is as follows:**

Balance at beginning of the year	1,547,000	918,000
Current service cost	227,000	183,000
Interest cost	127,000	66,000
Benefit payments	-75,000	-67,000
Actuarial (gains)/losses	-126,000	447,000
Balance at end of year	<u>1,700,000</u>	<u>1,547,000</u>



**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended 30 June 2015

	2,015	2,014
	R	R
The amounts recognised in the Statement of Financial Performance were as follows:		
Current service cost		
Interest cost	227,000	183,000
Benefit payments	127,000	66,000
Actuarial (gains)/losses	-75,000	-67,000
	-126,000	447,000
Total, included in employee benefits expense	<u>153,000</u>	<u>629,000</u>
In conclusion the retirement benefits were:		
Statement of Financial Position obligation for:		
Post-employment medical benefits	3,780,000	3,705,000
Long Services Award	<u>1,700,000</u>	<u>1,547,000</u>
	<u>5,480,000</u>	<u>5,252,000</u>
Statement of Financial performance obligation for:		
Post-employment medical benefits loss	75,000	400,000
Long Service Award loss	<u>153,000</u>	<u>629,000</u>
	228,000	1,029,000
Additional retirement costs	-	-
	<u>228,000</u>	<u>1,029,000</u>
Long service award gain	-	-
	<u>-</u>	<u>-</u>
<b>33 CONTINGENT LIABILITY</b>		
33.1 Possible claims and Litigation against the municipality by former employees	-	700,000
	<u>-</u>	<u>700,000</u>
<b>34 CONTINGENT ASSET</b>		
An asset estimated at R11million may be transferred to the municipality	11,000,000	
<b>35.1 MATERIAL LOSSES INCURRED</b>		
Amount Paid as a result of theft of municipal funds	-	-
	<u>-</u>	<u>76,491</u>
	<u>-</u>	<u>76,491</u>
There was an incident wherein municipal funds including the Dpt of Transport's revenue were stolen. The case was reported to the SAPS and investigation is still ongoing.		
<b>35 EVENTS AFTER THE REPORTING DATE</b>		
No events after the reporting date were identified for the year ended 30 June 2015.		
<b>36 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS</b>		
The following areas involve a significant degree of estimation uncertainty:		
- Useful lives and residual values of property, plant, and equipment		
- Recoverable amounts of property, plant and equipment		
- Present value of defined benefit obligation		
- Provision for doubtful debts		
- Determining the collectible amount of traffic fines issued		

	2,015	2,014
	R	R

### 37 FINANCIAL RISK MANAGEMENT

#### Financial Risk Management Objectives

Due to the largely non-trading nature of the activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities.

The municipality's finance function monitors and manages the financial risks relating to the operations of the municipality. These risks include credit risk, liquidity risk, market risk relating to interest rate risk.

#### 37.1 Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Except as detailed below, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

The maximum credit risk exposure in respect of the relevant financial instruments is as follows:

Cash and Cash Equivalents	81,969,673	66,033,153
Trade and other receivables	8,000,855	5,772,780
<b>Maximum Credit Exposure</b>	<b>89,970,528</b>	<b>71,805,933</b>

### 38 FINANCIAL RISK MANAGEMENT continued

#### 38.1 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Unspent Grants are cash backed. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities into amounts due within the 12 months after financial year end. The amounts disclosed in the table are the contractual undiscounted cash flows.

Trade and other payables	14,317,385	13,077,225
Other: Lease obligations	344,747	860,025
<b>Maximum Liquidity Exposure</b>	<b>14,662,132</b>	<b>13,937,250</b>

#### 38.2 Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

At year end, financial instruments exposed to interest rate risk were as follows:

Bank Balances and Cash	81,969,673	66,033,153
<b>Maximum Interest Exposure</b>	<b>81,969,673</b>	<b>66,033,153</b>

#### 38.3 Other price risk

Due to legislative restrictions, the municipality does not trade these investments.

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended 30 June 2015

	2,015	2,014
	R	R
<b>39 Repairs and maintenance</b>		
Repairs and maintenance relates to general maintenance of cars, minor repairs to Infrastructure assets, community assets and buildings.	2,339,133	2,761,566
<b>40 Change in estimate: useful life of asset reviewed</b>		
<i>A change in the estimated useful life of assets has resulted in the following change in depreciation for the year:</i>		
<b><i>Depreciation: Office furniture</i></b>		
According to initial estimated useful life	64,746	
According to re-estimated useful life	59,107	
Additional depreciation provided	<u>5,639</u>	
<b><i>Depreciation: Plant &amp; Equipment</i></b>		
According to initial estimated useful life	104,734	
According to re-estimated useful life	81,442	
Additional depreciation provided	<u>23,292</u>	
<b><i>Depreciation: Computer Equipment</i></b>		
According to initial estimated useful life	38,099	
According to re-estimated useful life	12,519	
Additional depreciation provided	<u>25,580</u>	
<b><i>Depreciation: Community assets</i></b>		
According to initial estimated useful life	1,271,457	
According to re-estimated useful life	1,457,585	
Reduction in depreciation provided	<u>-186,127</u>	
<b><i>Depreciation: Infrastructure assets</i></b>		
According to initial estimated useful life	5,290,570	
According to re-estimated useful life	5,043,599	
Additional depreciation provided	<u>246,971</u>	
<b><i>Depreciation: Other assets</i></b>		
According to initial estimated useful life	48,000	
According to re-estimated useful life	36,000	
Additional depreciation provided	<u>12,000</u>	



**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**41 Categories of financial instruments**

<b>2015 Financial Year</b>	<b>Loans and receivables</b>	<b>Financial liabilities at amortised cost</b>	<b>Total</b>
<b><u>Current assets</u></b>			
Trade receivables	8,000,855	-	8,000,855
Other receivables	1,446,198	-	1,446,198
Inventories	3,671,140	-	-
Cash and cash equivalents	81,969,673	-	81,969,673
VAT receivable	4,821,506	-	4,821,506
<b><u>Non-current liabilities</u></b>			
Finance lease liability	-	62,932	62,932
Other non-current liabilities	-	5,480,000	5,480,000
<b><u>Current liabilities</u></b>			
Trade and other payables	-	14,317,385	14,317,385
Short-term portion of finance lease	-	281,815	281,815
Unspent conditional grants and receipts	-	14,169,285	14,169,285
	-	-	-

<b>2014 Financial Year</b>	<b>Loans and receivables</b>	<b>Financial liabilities at amortised cost</b>	<b>Total</b>
<b><u>Current assets</u></b>			
Trade receivables	5,674,038	-	5,674,038
Other receivables	1,265,065	-	1,265,065
Inventories	4,600,000	-	-
Cash and cash equivalents	66,033,153	-	66,033,153
VAT receivable	5,133,487	-	5,133,487
<b><u>Non-current liabilities</u></b>			
Finance lease liability	-	454,040	454,040
Other non-current liabilities	-	5,252,000	5,252,000
<b><u>Current liabilities</u></b>			
Trade and other payables	-	-	-
Short-term portion of finance lease	-	13,077,225	13,077,225
Unspent conditional grants and receipts	-	405,985	405,985
	-	11,899,819	11,899,819

## UNAUDITED SUPPLEMENTARY SCHEDULES

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT													
	Cost / Revaluation				Accumulated Depreciation					Carrying Value			
	Opening Balance		Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Change in estimate	Impairment loss/Reversal of impairment loss	Closing Balance	
	R		R	R	R	R	R	R	R		R	R	
As at 30 June 2015													
Buildings	31 996 473		70 418			32 066 891	9 944 359	1 129 509				11 073 868	20 993 023
Infrastructure Assets	165 879 272					165 879 272	118 996 900	3 677 906				122 674 806	43 204 465
Community Assets	107 322 531	17 570 060				124 892 591	35 973 125	5 951 267				41 924 392	82 968 200
Heritage Assets	2 849 000					2 849 000							2 849 000
Work in Progress	20 150 229	27 415 124				47 565 353							47 565 353
Specialised Vehicles	3 213 149	653 260				3 866 409	492 886	278 120				771 006	3 095 403
Furniture & Equipment	3 091 813	334 073				3 398 863	1 380 842	210 380				1 581 931	1 816 933
Computer Equipment	2 337 962	474 277	27 023			2 593 417	691 468	372 387	9 292			1 002 047	1 591 370
Plant & Equipment	2 497 599	749 899	218 822			3 247 498	1 200 621	275 421	61 808			1 476 042	1 771 456
Vehicles	4 667 389	857 691				5 525 079	1 249 908	541 224				1 791 132	3 733 947
Leased Assets	1 490 411					1 490 411	726 776					726 776	763 636
Other	144 000	286 860				430 860	28 000	79 206				107 206	323 654
Total	345,639,829	48,411,662	20,996,537	0		393,805,646	170,684,885	12,515,420	71,100	0		183,129,205	210,676,441
As at 30 June 2014													
Buildings	31 996 473		70 418			32 066 891	9 944 359	1 129 509				11 073 868	20 993 023
Infrastructure Assets	165 879 272					165 879 272	118 996 900	3 677 906				122 674 806	43 204 465
Community Assets	107 322 531	17 570 060				124 892 591	35 973 125	5 951 267				41 924 392	82 968 200
Heritage Assets	2 849 000					2 849 000							2 849 000
Work in Progress	20 150 229	27 415 124				47 565 353							47 565 353
Specialised Vehicles	3 213 149	653 260				3 866 409	492 886	278 120				771 006	3 095 403
Furniture & Equipment	3 091 813	334 073				3 398 863	1 380 842	210 380				1 581 931	1 816 933
Computer Equipment	2 337 962	474 277	27 023			2 593 417	691 468	372 387	9 292			1 002 047	1 591 370
Plant & Equipment	2 497 599	749 899	218 822			3 247 498	1 200 621	275 421	61 808			1 476 042	1 771 456
Vehicles	4 667 389	857 691				5 525 079	1 249 908	541 224				1 791 132	3 733 947
Leased Assets	1 490 411					1 490 411	726 776					726 776	763 636
Other	144 000	286 860				430 860	28 000	79 206				107 206	323 654
Total	345,639,829	48,411,662	0	0		393,805,646	170,684,885	12,515,420	71,100	0		183,129,205	210,676,441

As at 30 June 2013	Opening Balance		Additions		Disposals		Under Construction		Closing Balance		Opening Balance		Depreciation		Disposals		Change in estimate		Impairment loss/Reversal of impairment loss		Closing Balance		Carrying Value	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Buildings	31 206 865		789 608		-				31 996 473		8 814 850		1 129 509		-		-		-		9 944 359		22 052 114	
Infrastructure Assets	152 401 919		13 477 353		-				165 879 272		110 748 294		7 698 050		-		-		550 556		118 996 900		46 882 372	
Community Assets	89 752 471		17 570 060		-				107 322 531		24 917 798		5 951 267		-		-		5 104 060		35 973 125		71 349 406	
Heritage Assets	2 849 000		-		-				2 849 000		-		-		-		-		-		-		2 849 000	
Work in Progress	24 416 085		15 934 269		-		( 20 200 125)		20 150 229		-		-		-		-		-		-		20 150 229	
Specialised Vehicles	1 073 328		2 139 821		-				3 213 149		301 157		191 729		-		-		-		492 886		2 720 263	
Furniture & Equipment	3 452 003		( 360 189)		-				3 091 813		1 541 936		( 215 574)		-		-		54 479		1 380 842		1 710 971	
Computer Equipment	1 410 726		927 236		-				2 337 962		741 582		( 76 556)		-		-		26 443		691 468		1 646 494	
Plant & Equipment	2 546 104		( 48 505)		-				2 497 599		1 200 217		( 1 558)		-		-		1 962		1 200 621		1 296 978	
Vehicles	3 033 750		1 633 639		-				4 667 389		1 091 189		76 775		-		-		81 944		1 249 908		3 417 481	
Leased Assets	1 490 411		-		-				1 490 411		428 688		298 088		-		-		-		726 776		763 636	
Other			144 000		-				144 000		-		28 000		-		-		-		28 000		116 000	
<b>Total</b>	<b>313,632,662</b>	<b>27,430,147</b>		<b>0</b>	<b>0</b>	<b>0</b>			<b>325,502,311</b>		<b>136,021,944</b>		<b>15,818,516</b>		<b>0</b>		<b>-2,320,364</b>		<b>102,364</b>		<b>149,622,460</b>		<b>175,879,851</b>	



UNAUDITED SUPPLEMENTARY SCHEDULE

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

	Cost / Revaluation						Accumulated Depreciation											
	Opening Balance		Additions		Work in Progress brought into use		Disposals		Closing Balance		Change in estimate		Impairment		Closing Balance		Carrying value	
	R		R		R		R		R		R		R		R		R	
As at 30 June 2015																		
Budget & Treasury	12,684,866	200,142	3,426,477.58		245,844.00		12,885,008		9,217,824		431,091					9,648,914		3,236,094
Community Services	85,768,681	17,570,060.00	380,719.73		103,338,741		33,456,150		39,407,416		5,951,267					39,407,416		63,931,325
Corporate Services	1,320,324		428,309.70		1,320,324		1,053,128		1,121,897		68,769					1,121,897		198,427
Executive & Council	12,103,314	52,336	489,496.80		12,155,650		8,230,283		8,616,767		386,484					8,616,767		3,538,883
Housing	183,939		571,079.60		183,939		101,268		105,823		4,555					105,823		78,116
Planning & Development	54,596,382	568,976	571,079.60		55,165,358		18,309,312		19,135,289		825,978					19,135,289		36,030,068
Public Safety	1,415,027		685,295.52		1,415,027		1,393,128		1,455,792		62,664					1,455,792		-40,765
Roads	165,879,272	771,222.00	300,496.65		166,650,494		95,881,426		100,239,909		4,358,483					100,239,909		66,410,585
Solid Waste	2,647,685	300,497			2,948,182		2,071,184		2,164,347		93,164					2,164,347		783,835
Sports & Recreation	1,196,403				1,196,403		971,184		1,304,149		332,965		12,515,420	0		1,304,149		-107,746
Work in progress	20,150,228	27,415,124			47,565,352				0		0					0		47,565,352
Total	357,946,122	46,878,357	48,411,661.58	1,533,304.25	404,824,479	170,684,884	12,515,420	0	183,200,304	221,624,175	0							0

As at 30 June 2014	Cost / Revaluation				Accumulated Depreciation						Carrying value
	Opening Balance	Additions	Work in Progress brought into use	Disposals	Closing Balance	Opening Balance	Current	Change in estimate	Impairment	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	
Budget & Treasury	12,360,628	324,238	-	-	12,684,866	7,345,000	1,581,852		290,972	9,217,824	3,467,042
Community Services	68,198,621	17,570,060.00			85,768,681	30,101,428	2,372,777		981,944	33,456,150	52,312,531
Corporate Services	383,410	936,914			1,320,324	489,286	490,926		72,917	1,053,128	267,196
Executive & Council	11,184,299	919,015			12,103,314	5,982,857	1,265,481		981,944	8,230,283	3,873,031
Housing	61,404	122,535			183,939	85,000	10,296		5,972.21	101,268	82,671
Planning & Development	53,677,367	919,015			54,596,382	14,978,571	1,881,852		1,448,888.85	18,309,312	36,287,070
Public Safety	802,351	612,676.48			1,415,027	489,286	30,926		872,917	1,393,128	21,899
Roads	152,401,919	13,477,353.26			165,879,272	88,735,713	6,563,768		581,944	95,881,426	69,997,846
Solid Waste	2,341,347	306,338			2,647,685	989,286	790,926		290,972.21	2,071,184	576,502
Sports & Recreation	111,485	1,084,917.94		-	1,196,403	589,286	90,926		290,972.21	971,184	225,219
Work in progress	24,416,084	15,934,269	-20,200,125.00		20,150,228	-					20,150,228
Total	325,938,915	52,207,332	-20,200,125.00		357,946,122	149,785,711	15,079,729		5,819,444	170,684,884	187,261,238

UNAUDITED SUPPLEMENTARY SCHEDULE  
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 56 OF 2003

Name of Grants	Name of the state entity	Opening Bal. 2014/2015	Quarterly Receipts				Quarterly Expenditure				Total Expenditure	Grants Balance 2014/2015	Grants and Subsidies delayed/ withheld	Reason for delay withholding of funds	Did your municipality comply with the grant conditions in terms of grants framework and latest Division of Revenue Act	Reason for non Compliance
			July to Sept	Oct to Dec	Jan to Mar	April to June	July to Sept	Oct to Dec	Jan to Mar	April to June						
Equitable Share	National Treasury	-	-	-	-	-	-	-	-	-	66,377,000	-	No	N/a	Yes	N/a
Capital Investment Program	Cogta	-9,700	-26,511,000	-22,326,000	18,140,000	9,700	26,511,000	22,326,000	7,542,180	-22,976	9,700	-	No	N/a	Yes	N/a
McKENZIE Farm	Cogta	-	-8,000,000	-	-	-	-	-	642,729	770,267	7,519,204	-480,795.81	No	N/a	Yes	N/a
Financial Management Grant	National Treasury	-	-1,800,000	-	-	-	-	-	1,936,754	18,878,246	1,900,000	-	No	N/a	Yes	N/a
Electrification Isopo - Cogta		-	-	-	-	-	-	-	3,831,775	442,165	20,815,000	0.04	No	N/a	Yes	N/a
Electrification Isopo		-	-400,000	-9,450,000	1,850,000	-	-	3,726,060	-	2,659	8,000,000	-	No	N/a	Yes	N/a
G15 Grant	Cogta	-2,660	-	-	-	-	-	-	-	1,033,341	2,659	-	No	N/a	Yes	N/a
Hawkers/Taxi Rank Grant	Cogta	-1,033,341	-	-	-	-	-	-	-	390	1,033,341	-	No	N/a	Yes	N/a
HFR Systems Governance	Cogta	-380	-	-	-	-	-	-	-	2,613,008	5,466,457	-	No	N/a	Yes	N/a
Small Town Rehab. - Roads	Cogta	-8,791,802	-	-	-	-	-	-	-	394,279	1,090,000	-	No	N/a	Yes	N/a
EPWP	Cogta	-	-436,000	-327,000	-9,700,000	-	1,375,003	1,342,960	335,486	185,000	3,735,000	-	No	N/a	Yes	N/a
Leid Programme	Cogta	-420,000	-1,700,000	-	-	-	239,308	158,520	297,892	33,995	276,818	-	No	N/a	Yes	N/a
Isopo Sportfields	Cogta	-	-	-	-	-	242,822	575,000	775,000	220,238	220,238	-	No	N/a	Yes	N/a
Land Use Management	Cogta	-350,877	-934,000	-	-	-	-	-	-	523,777	350,877	-	No	N/a	Yes	N/a
Market Stalls	Cogta	-	-	-	-	-	-	-	-	163,377	934,000	-	No	N/a	Yes	N/a
Project Consolidate (M5G)	Cogta	-163,377	-	-	-	-	-	-	-	6,777	163,377	-	No	N/a	Yes	N/a
Project Management Unit	Cogta	-236,495	-	-	-	-	-	-	-	6,777	57,832	-	No	N/a	Yes	N/a
Sangevaba Grant	Cogta	-	-126,000	-	-	-	57,832	23,863	40,003	-28,421	57,832	-	No	N/a	Yes	N/a
Isopo Sportfields Maintenance	Art and culture	-	-	-	-	-	36,503	41,112	67,677	6,777	107,445	-	No	N/a	Yes	N/a
Library- cyber	Cogta	-	-5,670,000	-8,124,000	-9,759,000	-	45,632	1,488,448	15,120,514	5,870,929	136,000	-	No	N/a	Yes	N/a
Mig Grant	Art and culture	-47,718	-535,000	-	-	-	1,072,709	99,910	190,508	156,045	23,553,000	-	No	N/a	Yes	N/a
Spionys Housing		-	-56,288	-	-	-	110,630	56,288	-	-	57,443	-	No	N/a	Yes	N/a
		-11,899,818	-46,168,288	-40,227,000	-56,926,000	-	30,073,050	30,093,555	49,281,540	31,603,675	141,051,820	-14,169,285	No	N/a	Yes	N/a
Grants Balance at @ 30 June 2015												-14,169,285				